Health Care Providers Professional Liability Insurance

DIVISION OF INSUPANCE STATE OF ILLINOIS/IDEPR FILE (D)

Illinois

JAN 0 1 2006

SPRINGFIELD. ILLINOIS

RATES, STATE RULES EXCEPTIONS--Illinois XII.

A. Illinois Rating Territories

Territory Code	Territory Description	Territory Factor
1	Cook, Madison and St. Clair Counties	1.000
2	Jackson, Vermilion and Will Counties	0.820
3	DuPage, Kane, Lake, McHenry and Winnebago Counties	0.770
4	Champaign, Macon and Sangamon Counties	0.610
5	Bureau, Coles, DeKalb, Kankakee, LaSalle, Ogle and Randolph Counties	0.660
6	Remainder of State	0.500

B. Mature Claims-Made Rates

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
229		Addictionology	24,456	20,054	18,831	14,918	16,141	12,228
230		Aerospace Medicine	34,936	28,647	26,901	21,311	23,058	17,468
254		Allergy	25,014	20,511	19,261	15,258	16,509	12,507
151		Anesthesiology	48,658	39,900	37,467	29,681	32,114	24,329
196		Anesthesiology – Pain Management	48,658	39,900	37,467	29,681	32,114	24,329
255		Cardiovascular Disease – No Surgery	37,941	31,112	29,215	23,144	25,041	18,971
281		Cardiovascular Disease - Minor Surgery	79,058	64,828	60,875	48,225	52,178	39,529
256		Dermatology	25,271	20,722	19,459	15,415	16,679	12,635
282		Dermatology – Minor Surgery	45,581	37,377	35,098	27,805	30,084	22,791
237		Diabetes – No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
271		Diabetes – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
102	S	Emergency Medicine – No Major Surgery	112,092	91,915	86,311	68,376	73,981	56,046
238		Endocrinology – No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
272		Endocrinology – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
420		Family/General Practitioners – No Surgery	43,575	35,732	33,553	26,581	28,760	21,788
421		Family/General Practitioners – Minor Surgery	65,127	53,404	50,148	39,728	42,984	32,564

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STATE OF ILLINOIS/IDFPR

JAN 0 1 2006

Illinois

American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

SPRINGFIELD. ILLINOIS

Specialty	ILFs		SU-SAMILY.	SPHING	ariell). Il	LINOIS		
Code	Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
521		Family/General Practitioners – Minor Surgery – 0 to 24 deliveries	66,159	54,250	50,942	40,357	43,665	33,080
240		Forensic or Legal Medicine	24,456	20,054	18,831	14,918	16,141	12,228
241		Gastroenterology - No Surgery	55,458	45,475	42,703	33,829	36,602	27,729
274		Gastroenterology – Minor Surgery	59,141	48,496	45,538	36,076	39,033	29,570
231		General Preventive Medicine – No Surgery	22,971	18,836	17,688	14,012	15,161	11,485
243		Geriatrics – No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
276		Geriatrics – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
244		Gynecology – No Surgery	32,489	26,641	25,017	19,818	21,443	16,245
277		Gynecology – Minor Surgery	52,092	42,716	40,111	31,776	34,381	26,046
245		Hematology - No Surgery	38,429	31,512	29,590	23,442	25,363	19,214
278		Hematology – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
283		Hospitalist/Intensive Care Medicine	54,504	44,693	41,968	33,247	35,973	27,252
232		Hypnosis	21,657	17,759	16,676	13,211	14,294	10,829
246		Infectious Diseases – No Surgery	69,170	56,719	53,261	42,194	45,652	34,585
279		Infectious Diseases – Minor Surgery	109,028	89,403	83,952	66,507	71,959	54,514
283		Intensive Care Medicine/Hospitalist	54,504	44,693	41,968	33,247	35,973	27,252
257		Internal medicine - No Surgery	65,887	54,027	50,733	40,191	43,486	32,944
284		Internal medicine - Minor Surgery	85,779	70,339	66,050	52,325	56,614	42,890
258		Laryngology – No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
285		Laryngology – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
801		Manipulative Medicine	25,158	20,630	19,372	15,346	16,604	12,579
471		Neonatology - No Surgery	83,849	68,756	64,564	51,148	55,340	41,925
476		Neonatology – Minor Surgery	104,813	85,947	80,706	63,936	69,177	52,407
259		Neoplastic Diseases – No Surgery	44,260	36,293	34,080	26,999	29,212	22,130
260		Nephrology – No Surgery	36,922	30,276	28,430	22,522	24,368	18,461
287		Nephrology – Minor Surgery	54,564	44,743	42,014	33,284	36,012	27,282
261		Neurology – No Surgery	52,460	43,017	40,394	32,001	34,624	26,230
288		Neurology – Minor Surgery	62,284	51,073	47,959	37,993	41,107	31,142
262		Nuclear Medicine	36,882	30,243	28,399	22,498	24,342	18,441
248		Nutrition	21,657	17,759	16,676	13,211	14,294	10,829
233		Occupational Medicine	29,112	23,872	22,416	17,758	19,214	14,556
473		Oncology - No Surgery	44,260	36,293	34,080	26,999	29,212	22,130
286		Oncology – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
263		Ophthalmology - No Surgery	30,767	25,229	23,691	18,768	20,306	15,384
289		Ophthalmology – Minor Surgery	33,435	27,417	25,745	20,395	22,067	16,718
264		Otology – No Surgery	39,773	32,614	30,625	24,262	26,250	19,887
290		Otology – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
265		Otorhinolaryngology – No Surgery	24,422	20,026	18,805	14,897	16,119	12,211
291		Otorhinolaryngology – Minor Surgery	50,804	41,659	39,119	30,990	33,531	25,402

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DIVISION OF INSURANCE STATE OF ILLINOIS/IDEPR FILE D

JAN 0 1 2006

Illinois

American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

Specialty	ILFs			OBBIN	Notes to 1			
Code	Alpha Code	Specialty Description	Terr. 1	Terr: 2	GFLFLD31	ri400is	Terr. 5	Terr. 6
266		Pathology – No Surgery	30,398	24,926	23,406	18,543	20,063	15,199
292		Pathology – Minor Surgery	53,137	43,572	40,916	32,414	35,070	26,569
267		Pediatrics – No Surgery	41,860	34,325	32,232	25,535	27,628	20,930
293		Pediatrics – Minor Surgery	62,307	51,092	47,976	38,007	41,123	31,154
234		Pharmacology	34,936	28,647	26,901	21,311	23,058	17,468
235		Physiatry or Physical Medicine and Rehabilitation	25,158	20,630	19,372	15,346	16,604	12,579
437		Physicians – No Major Surgery – acupuncture	54,504	44,693	41,968	33,247	35,973	27,252
802		Physicians – No Major Surgery – Sclerotherapy	59,398	48,706	45,736	36,233	39,203	29,699
431		Physicians – No Major Surgery – shock therapy	59,398	48,706	45,736	36,233	39,203	29,699
268		Physicians – not otherwise classified – no surgery	34,936	28,647	26,901	21,311	23,058	17,468
294		Physicians – not other classified – minor surgery	54,504	44,693	41,968	33,247	35,973	27,252
249		Psychiatry	22,691	18,606	17,472	13,841	14,976	11,345
250		Psychoanalysis	21,205	17,388	16,328	12,935	13,995	10,602
251		Psychosomatic Medicine	17,119	14,037	13,182	10,443	11,298	8,559
236		Public Health	24,456	20,054	18,831	14,918	16,141	12,228
269		Pulmonary Diseases - No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
298		Pulmonary Diseases – Minor Surgery	62,890	51,570	48,425	38,363	41,507	31,445
253	S	Radiology – diagnostic – No Surgery	55,292	45,339	42,575	33,728	36,493	27,646
280	S	Radiology – diagnostic – Minor Surgery	84,134	68,990	64,783	51,322	55,529	42,067
425	S	Radiology – Therapeutic	62,502	51,251	48,126	38,126	41,251	31,251
252		Rheumatology – No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
247		Rhinology – No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
270		Rhinology – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
166 101	S S	Surgery – Abdominal	136,111	111,611	104,805	83,028	89,833	68,055
141		Surgery – Broncho-esophagology	81,665	66,965	62,882	49,816	53,899	40,833
	H	Surgery – Cardiac	194,808	159,743	150,002	118,833	128,573	97,404
150	H	Surgery – Cardiovascular Disease	178,035	145,989	137,087	108,601	117,503	89,017
115	S	Surgery – Colon and Rectal	107,649	88,272	82,890	65,666	71,048	53,824
472	S	Surgery – Dermatology	76,979	63,123	59,274	46,957	50,806	38,490
157 103	S	Surgery – Emergency Medicine	127,484	104,537	98,163	77,765	84,139	63,742
	S	Surgery – Endocrinology	76,507	62,736	58,910	46,669	50,494	38,253
117	S	Surgery – Family/General Practice	94,795	77,732	72,992	57,825	62,565	47,397
104	S	Surgery – Gastroenterology	80,793	66,250	62,210	49,284	53,323	40,396
143	S	Surgery – General – not otherwise classified	126,390	103,640	97,320	77,098	83,418	63,195
105	S	Surgery – Geriatrics	82,687	67,803	63,669	50,439	54,573	41,344
167	H	Surgery - Gynecology	104,831	85,961	80,720	63,947	69,188	52,415
169	S	Surgery – Hand	111,148	91,141	85,584	67,800	73,358	55,574
170	S	Surgery – Head and Neck	136,952	112,301	105,453	83,541	90,388	68,476
106	S	Surgery – Laryngology	72,480	59,434	55,810	44,213	47,837	36,240
474	Н	Surgery – Neonatology or Pediatrics	136,111	111,611	104,805	83,028	89,833	68,055

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DIVISION OF INSURANCE STATE OF ILLINOIS/IDEPR

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Illinois

American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

Specialty	ILFs				FIELD. ILI			
Code	Alpha	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr 4	Terr. 5	Terr. 6
	Code							
107	S	Surgery – Neoplastic	71,456	58,594	55,021	43,588	47,161	35,728
108	S	Surgery - Nephrology	71,456	58,594	55,021	43,588	47,161	35,728
152	H	Surgery - Neurology	297,109	243,630	228,774	181,237	196,092	148,555
168	H	Surgery – Obstetrics	188,441	154,522	145,100	114,949	124,371	94,220
153	H	Surgery – Obstetrics – Gynecology	188,441	154,522	145,100	114,949	124,371	94,220
560	H	Surgery – Obstetrics – Gynecology – 0	150,762	123,625	116,087	91,965	99,503	75,381
		to 49 deliveries						
561	H	50 to 69 deliveries	155,464	127,480	119,707	94,833	102,606	77,732
562	H	70 to 89 deliveries	160,174	131,343	123,334	97,706	105,715	80,087
563	H	90 to 109 deliveries	169,598	139,070	130,590	103,455	111,935	84,799
564	H	110 to 129 deliveries	179,023	146,799	137,848	109,204	118,155	89,512
565	H	130 to 149 deliveries	188,441	154,522	145,100	114,949	124,371	94,220
566	H	150 to 169 deliveries	207,286	169,974	159,610	126,444	136,809	103,643
567	H	170 to 189 deliveries	226,131	185,428	174,121	137,940	149,247	113,066
568	H	190 to 209 deliveries	244,973	200,878	188,629	149,434	161,682	122,486
569	\mathbf{H}	210 to 229 deliveries	263,820	216,332	203,141	160,930	174,121	131,910
570	\mathbf{H}	230 to 249 deliveries	282,661	231,782	217,649	172,423	186,556	141,331
571	H	250 to 269 deliveries	301,506	247,235	232,160	183,919	198,994	150,753
572	H	270 to 289 deliveries	320,353	262,689	246,672	195,415	211,433	160,176
573	H	290 to more deliveries	339,194	278,139	261,179	206,908	223,868	169,597
114	S	Surgery – Ophthalmology	59,240	48,577	45,615	36,137	39,099	29,620
804	S	Surgery - Ophthalmology - Plastic	86,767	71,149	66,811	52,928	57,266	43,383
154	H	Surgery - Orthopedic	195,736	160,503	150,717	119,399	129,186	97,868
164	H	Surgery - Orthopedic - without	144,231	118,269	111,058	87,981	95,193	72,116
		procedures on the back						
158	S	Surgery - Otology	81,665	66,965	62,882	49,816	53,899	40,833
159	S	Surgery – Otorhinolaryngology	74,735	61,283	57,546	45,588	49,325	37,368
156	Н	Surgery – Plastic – not otherwise	123,516	101,283	95,107	75,345	81,521	61,758
		classified						
155	S	Surgery - Otorhinolaryngology	116,965	95,911	90,063	71,349	77,197	58,482
160	S	Surgery - Rhinology	81,665	66,965	62,882	49,816	53,899	40,833
144	H	Surgery – Thoracic	188,648	154,691	145,259	115,075	124,508	94,324
171	Н	Surgery – Traumatic	178,035	145,989	137,087	108,601	117,503	89,017
145	S	Surgery – Urological	87,182	71,489	67,130	53,181	57,540	43,591
146	Н	Surgery - Vascular	185,155	151,827	142,569	112,945	122,202	92,577
424		Urgent Care Medicine	39,468	32,364	30,390	24,076	26,049	19,734

Note: When \$2,000,000/\$4,000,000 Increased Limits Factor (ILF) is requested for a specialty code that displays an alpha code, either **S** or **H**, use the corresponding ILF factor as displayed in Rule E.

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Effectives April 1 2005

Health Care Providers Professional Liability Insurance

DIVISION OF INSURANCE STATE OF ILLINOIS/IDEPR

Illinois

JAN 0 1 2006

C. Mature Claims-Made Rates – Dentists

Specialty	ILFs			SPRIN	GFIELD. II	LLINOIS		
Code	Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
212		Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia	48,163	39,494	37,086	29,379	31,788	24,082
210		Dentists - Minor Surgery	24,083	19,748	18,544	14,690	15,895	12,041
211		Dentists – No Surgery - not otherwise classified	9,633	7,899	7,418	5,876	6,358	4,817

D. Mature Claims-Made Rates - Healthcare Facilities

1. Emergency Room Groups*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
S	Emergency Room Groups ("Per 100 patient visits" basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the "per patient visit" premium.	2,496	2,047	1,922	1,523	1,647	1,248

2. Urgent Care Groups*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
	Urgent Care Groups ("Per 100 patient visits" basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the "per patient visit" premium.	708	581	545	432	467	354

3. Outpatient Surgery Centers*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
S	Outpatient Surgery Centers (Surgicenters) ("Per 100 patient	3,539	2,902	2,725	2,159	2,336	1,770

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Health Care Providers Professional Liability Insurance

visits" basis). All physicians must be separately insured by American Physicians in order to provide coverage for outpatient surgery center.



Illinois

*Note: Minimum premium for each Facility Policy in Section D., Item 1, 2, 3 is \$2,500.

E. Higher limits of liability may be purchased at premiums derived by applying the following factors to the \$1,000,000/\$3,000,000 rates:

	All Other	Emergency Medicine,	
Higher Limits of	Physicians	Radiologists,	Selected Surgical
Liability	and Dentists	All Other Surgery (S)	Specialties (H)
\$2,000,000/\$4,000,000	1.344	1.418	1.460
Fo ₁	higher Limits o	f Liability – Refer to Compan	V

F. Limits that are less than these \$1,000,000/\$3,000,000 may be purchased at premiums derived from applying the following decreased limit factors to the \$1,000,000/\$3,000,000 rates (not including any credit applied for a deductible):

	All Physicians, Surgeons,
Limits of Liability	and Dentists
\$100,000/\$300,000	0.480
\$200/000/\$600,000	0.620
\$250,000/\$750,000	0.665
\$300,000/\$900,000	0.700
\$500,000/\$1,500,000	0.790
\$750,000/\$2,250,000	0.920
\$1,000,000/\$1,000/000	0.980
\$1,000,000/\$3,000,000	1.000

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G. Claims-Made Maturity Factors

Note: If the retroactive date falls on a date other than the anniversary date, a factor will be used that is pro-rating the two applicable maturity factors. These factors are applied to the mature claims-made base rates.

First Year	0.25
Second Year	0.40
Third Year	0.75
Fourth Year	0.90
Fifth Year	0.95
Sixth Year	0.98
Mature	1.00

H. Reporting Period Extension Factors

Claims-made reporting period extension(s) ("tail" coverage) are offered (unless coverage is automatically provided within the terms of the policy) to any insured whose coverage is terminated for any reason.

- 1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor displayed below to the expiring premium.
- 2. Alternatively, three extensions may be purchased as of the policy termination and the next Separate limits apply for each of the three two anniversaries of that termination. extensions. The final extension is an unlimited extension. Premiums for each extension are 33.3% of the rate applicable to the single unlimited extension (1.).
- I. Factors are applied to the claims-made rate applicable to the expiring policy at the time the extended reporting endorsement is offered.

First Year	4.00
Second Year	3.88
Third Year	2.40
Fourth Year	2.11
Fifth Year	2.05
Sixth Year	2.01
Mature	1.97

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J. Corporate Entity Coverage

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, subitem 3. is replaced with the following:

3. 15% of the sum of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge.

K. Part-Time Rule

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

XIII. Merit Rating

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed 135%. The total maximum combined credit/debit that may be applied under the Claims-Free Credit Rule and the Schedule Rating Plan is +50%/-35%.

A. Claim-Free Credit

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

1. Credit Schedule:

Years of Claims-Free	
Experience	Credit
Three to Five Years	5%
Six to Seven Years	10%
Eight or More Years	15%

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JAN 0 1 2006

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B. Schedule Rating Plan

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SPRINGFIELD, ILLINOIS

The premium may be credited or debited based on the total of credits and debits derived from the following "risk characteristics" schedule. The maximum allowable $\frac{\text{credit/debit}}{\text{credit/debit}}$ for the Schedule Rating Plan is $\pm 35\%$

Sc	hedule Rating Plan is ±35%	Max	imum
		Credit	<u>Debit</u>
1.	Professional Skills, Quality of Care	10%	10%
	Use of a recognized system of clinical guidelines. Reboard certification. Accreditation status by a recognized regulatory body. The provision of medical care limit qualified individuals. Continuing education of all profess staff beyond what is required by state licensing regulations and equipment.	gnized ted to sional	
2.	Patient Rapport	10%	10%
	Length of service and reputation in community. Estab policies and procedures for patient services. Cooperation the Company claims management and resolution procedure	n with	
3.	Record Keeping	10%	10%
	A well-maintained patient record system in place: the documentation of patient care and interaction; followsystem for diagnostic studies, consultation and appointment	ow-up	
4.	Risk Characteristics	5%	5%
	a. Documented successful completion of an approved risk analysis/communication skills assessment management on-site visit and/or education pro-	nt/risk	

b. Documented attendance at an approved risk management seminar, or successful completion of an approved risk management correspondence course.

including an appropriate response to recommendations

DIVISION OF INSURANCE STATE OF ILLINOIS/IDEPR

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XIV. Quarterly Installment Option and Monthly Installment Option

SPRINGFIELD, ILLINOIS

American Physicians offers the following: (does not apply to Claims-Made Reporting Period Extensions ("tail coverage").

4-pay (quarterly)	25% down payment	3 equal installments (Due 4 th , 7 th , and 10 th months).
9-pay (monthly)	15% down payment	8 equal installments (Due 2 nd , 3 rd , 4 th , 5 th , 6 th , 7 th , 8 th , and 9 th months).

- A \$10 installment fee will be applied to all payment plans/per installment except in the event the policy premium is \$500 to \$999 and the installment fee will be waived.
- Installment fees will not be charged on the downpayment portion.
- No interest will be charged.
- Additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any.

XV. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9 for the Underwriting Criteria.

XVII. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.



ASSURANCE CORPORATION

Practices That Set The Standard

December 15, 2005

Michael T. McRaith Director of Insurance Illinois Division of Insurance 320 West Washington Street, 4th Floor Springfield, IL 62676

Attention:

Property & Casualty Section

DEC 20 2005

DEC 20 2005

DIVISION OF INSURANCE STATE OF ILLINOIS/IDEPR

JAN 0 1 2006

SPRINGFIELD. ILLINOIS

APA's Filing No.: IL-05-11

NAIC No.: 33006

Company FEIN: 38-2102867

Dear Mr. McRaith:

Subject:

Professional Medical Malpractice Liability

Program:

Health Care Providers Professional Liability Program

Type:

Rules

Effective Date:

January 1, 2006

This is to advise that American Physicians Assurance Corporation (American Physicians) wishes to place on file the below outlined revision to its Health Care Providers Professional Liability Program (HCP-PL). We are requesting an effective date of January 1, 2006.

The following changes have been made to the HCP-PL Program:

Countrywide Rate/Rule Manual:

1. Pages 10 of 11 and 11 of 11 (01/01/06) replace currently filed pages 10 of 11 and 11 of 11 (11/01/04) - the Schedule Rating Plan and its criteria has been revised and is based in part on the currently filed and acknowledged ProNational Insurance Company rule. See attached highlighted manual pages for complete details of the revision.

Illinois State Exception Manual Pages:

- 1. Page IL-8, under the Merit Rating paragraph, we have amended the "incurred loss ratio" from 100% to 135%. The impact of recent rate changes on historical loss ratios has made the current threshold too restrictive and we propose to increase the qualifying ratio.
- 2. Page IL-8, under the Merit Rating rule, we have amended the total maximum combined credit/debit from $\pm 35\%$ to $\pm 50\%$ / -35%.
- 3. Page IL-8, under the Schedule Rating Plan rule, we have amended the maximum allowable credit/debit from $\pm 25\%$ to $\pm 35\%$.

Mr. McRaith December 15, 2005 Page 2

- 4. Page IL-9, we have added sections XI. Quarterly Payment Plan Installment Option Rule, XII. Deductibles Offered Rule and XIII. Risk Management Activities Discounts in compliance with the provisions of Part 929.30 (SB 475).
- 5. We have enclosed, as reference information, our response letter to our filing IL-05-05 and Ms. Gayle Neuman's previous questions regarding our Schedule Rating Plan.
- 6. The balance of the Illinois State Exception manual pages remains unchanged.

Enclosed are final printed copies of the above captioned manual pages and respective Illinois Filing Forms.

Please direct any questions regarding this submission to my attention at 800-748-0465, Ext. 6794 or e-mail me at <u>jchorley@apcapital.com</u>.

Thank you for your consideration in this matter.

Sincerely,

Jane Chorley

Director of Compliance

Member of APCapital Group

Encs.

ILLINOIS DEPARTMENT OF INSURANCE

FILING FEE TRANSMITTAL FORM (Please type of print)

THIS FORM, IN DUPLICATE, MUST BE THE FIRST DOCUMENT TO APPEAR ON THE FILING

Date: 12/15/05

Division and Code: 03-Consumer

Insurance Company FEIN #: 38-2102867

Company Name:

American Physicians Assurance Corporation

Contact Person:

Jane P. Chorley, Director of Compliance

Address:

P. O. Box 1471

East Lansing, MI 48826-1471

Company Filing Number:

IL-05-11

Remarks: If a fee is not submitted for any form(s), please explain:

Number of Forms:

\$50.00 =

TOTAL

(\$500.00 Maximum)

Revenue Code: 46

(Fill in the appropriate code listed below)

36 - Life, Accident and Health Filing Fee or

46 -- Property and Casualty Filing Fee

MAKE CHECKS PAYABLE TO: Director of Insurance/State of Illinois

NOTE: Each company making a filing must submit duplicate Transmittal Forms with the appropriate fee. A separate check must be submitted for each company. (Refer to Public Act 86-753 for filing fee requirements.)

ILLINOIS SUMMARY SHEET

FORM RF-3

Change in Company's premium or rate level produced by rate revision effective:

	(1)	(2)	(3)
	Coverage	Annual Premium Volume (Illinois)*	Percent Change (+ or -)**
1.	Automobile Liability Private Passenger Commercial		
2.	Automobile Physical Damage Private Passenger Commercial		
3.	Liability Other than Auto	We the second se	
4.	Burglary and Theft		
5.	Glass		
6.	Fidelity	-	
7.	Surety		
8.	Boiler and Machinery		
9.	Fire		
10.	Extended Coverage		
11.	Inland Marine		
12.	Homeowners		
13.	Commercial Multi-Peril		
14.	Crop Hail		
15.	Workers Compensation	New York (1997)	
16.	Other: Medical Malpractice	\$55,438,918	-0-
	Line of Insurance		

Does filing only apply to certain territory (territories or certain classes? If so, specify: N/A

Brief description of filing (if filing follows rates of an advisory organization, specify organization): Revision to Schedule Rating Plan – See transmittal letter

- * Adjusted to reflect all prior rate changes.
- ** Change in Company's premium level which will result from application of new rates.

American Physicians Assurance Corporation of INSURANCE STATE OF ILLINOIS/IDEPR DICE 2 0 2005 DEC 2 0 2005 American Physicians Assurance Corporation of Company Jane P. Chorley Director of Compliance Official Title	<u>oration</u>
---	----------------

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

- I, R. Kevin Clinton, a duly authorized officer of American Physicians Assurance Corporation, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.
- I, Kevin M. Dyke, FCAS, MAAA, am authorized to certify on behalf of American Physicians Assurance Corporation, making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

RKeni Git President & CEO	8117/06
Signature and Title of Authorized Insurance Company Officer	Date
Term W. Chief Actuary	8/21/06
Signature, Title and Designation of Authorized Actuary	Date

Insurance Company FEIN 38-2102867

Filing Number IL-05-11

Insurer's Address

1301 N. Hagadorn Road, PO Box 1471

City East Lansing

State MI

Zip Code

48826-1471

Contact Person Information:

-Name and E-mail: Patty Edgington, pedgington@apassurance.com

-Direct Telephone and Fax Number: 517-324-6849 (Direct Phone)

517-333-8232 (Fax)



Practices That Set The Standard

November 28, 2005

RECEIVED 12/2015

Ms. Gayle Neuman
Property and Casualty Compliance Unit
Illinois Department of Financial & Professional Regulation
Division of Insurance
320 W. Washington St., 4th Floor
Springfield, IL 62675

Re: Rate/Rule Filing #IL-05-05 – Health Care Providers

Dear Ms. Neuman:

This letter is in response to your e-mail on 11/2/05 where you had questions about our schedule rating plan that was part of our filing on 4/1/05. This is the same schedule rating plan that we have had in place for 10 years. Effective 1/1/06, we are updating our schedule rating plan. We expect to have that submitted to the department within the next two weeks.

During 2005, the average schedule rating that was applied to IL policies from 1/1/05 to 9/30/05 is just under 4%. Most of this credit is due to risk management activities. An on-site inspection by trained medical personnel from our risk management department is done on all doctor's practices. We devote considerable resources to our unique on-site inspection program and believe that it gives us true insight into the doctor's practice by reviewing controls for the various risk factors. This program has also been very well received by the doctors as they recognize the value of controlling their risks and appreciate the educational information received.

This is the response to your questions on the April 1, 2005 plan:

I) Specific breakdowns of actual debits/credits and detailed descriptions of criteria for applying scheduled debits/credits. For example, if the manual indicates a credit/debit of 0-20% will be applied depending on the existence/quality of a loss control program, provide specific descriptions of criteria used to judge the existence and quality of such loss control program, as well as the specific amount of debit/credit that will be applied to such criteria.

The four areas where Schedule Rating applies are stated in our Countrywide Manual, page 10 & 11. These four areas are evaluated for application of schedule credit or debits:

Ms. Neuman November 28, 2005 Page 2

- Professional Skills, Quality of Care
- Patient Rapport
- Record Keeping
- Risk Management

Within each of the above four areas, a maximum amount of +/-10% could be granted in each area with a maximum combined amount of +/-25%. As stated above, the average schedule rating that was applied to IL policies from 1/1/05 to 9/30/05 is just under 4%. The underwriters' application of credits and debits are in the four listed areas described below:

- Professional Skills/Quality of Care- The reasons the underwriters may give schedule credit include such items as board certification and continuing education for all professional staff beyond what is required by state licensing regulation. Therefore at the underwriter's discretion an additional credit may be given for a doctor who has done a special fellowship in his or her specialty or a doctor that is board certified.
- Patient Rapport- This category is used very little, so I will not go into detail.
- Record Keeping- Specific knowledge about the doctor's record keeping is gathered from the on-site inspection. Information about record keeping is also found in the documented circumstances on a claim. Therefore at the underwriter's discretion a credit or debit may be given for good or poor record keeping.
- Risk Management- Risk management activities assess several areas of a physicians' practice, including their ability to communicate effectively with patients as well as successfully manage their practice from a risk management standpoint.
 - The on-site inspection is included in the risk management category.
 Based on specific criteria, the risk manager grades the practice 1)
 Excellent
 - 2) Above Average 3) Average 4) Below Average. If the practice receives an "Excellent" or "Above Average" score, the doctor receives a credit under the Risk Management section of Schedule Rating. If the practice is graded "Below Average", the underwriter may decide to apply a debit or not write the account.
- II) Whether the schedule debits/credits are applied to all insureds. Whether the schedule debits/credits are reviewed periodically to ensure that they are still justified and added/removed accordingly. If the schedule debits/credits are reviewed periodically provide the time intervals for such reviews.

Ms. Neuman November 8, 2005 Page 3

The schedule rating on each insured account is reviewed annually as part of the renewal underwriting process for all insureds to assure that any schedule credits or debits are appropriate for each individual physician.

III) All actuarial justification for determining the amount of any scheduled credit/debit

The actuarially-developed manual rate does not contemplate the insureds specific risk characteristics. Our actuaries rely on the underwriter's experience and judgment for the application of schedule rating credits and debits. However they do monitor the underwriters' use of schedule rating in order to ensure overall rate adequacy is achieved.

A portion of the schedule rating is based on the result of an on-site risk management inspection. We believe based on the factors that cause claims on a doctor's professional liability policies and our experience in this area, that those doctor's who have office practices that have all their practices and procedures in order will have less claims.

IV) A blank sample of the scheduled rating form that is kept in each applicant/insured's file to track the justification for receiving any debits/credits.

A sample copy of the "Underwriting Authority Documentation Worksheet" which contains the schedule rating documentation is attached for your records. This worksheet goes in every insured's file.

Should you have any additional questions or concerns regarding this submission, please direct them to my attention at 800-748-0465, Ext. 6794 or e-mail me at ichorley@apcapital.com.

Thank you for your assistance regarding this matter.

Sincerely,

Jane Chorley

Jane Chorley
Director of Compliance
Member of APCapital Group

Enc.

Underwriting Authority Documentation Worksheet

Individual Physician, Surgeon, or Healthcare Provider - Claims-Made

Agency Name PQ ID(s) Named Insure			Quote ID(s)	Agency Code	
	e if member of a Co	orporate Entity:			
Customer No.	/Policy No.:		LOB Code/LOB :	Claims-Made	
Policy Term:		to	Limits Code/Limits:		
Retroactive Da	ate:		Cnty CD:	County/Territory:	
Specialty Code	e/Specialty:			Work Status	:
Application Su	b-Type:				
Principal Office	e Address:				
Mailing Addres	ss:				
☐ Update QG	Application:				
	□PL 13 □PL CM 14 □PL CM 15 □PL CM 16 □PL CM 17 □PL CM 18	□ PL 19 □ PL 20 □ PL CM 21 □ PL 22 □ PL CM 26 □ PL 29 □ PL 29 □ PL MI 104 - G	PL CM 31 PL CM 50 PL CM 52 PL 53 PL CM 56 PL 57	□PL MI 105 – UP □PL MI 107 – Phy	PL MI 100 PL MI CM 109 PL MI CM 109 PL MI CM 115 PL MI CM 204 PL MI 205 P, LLC PGrp ssician's Network PGrp
		MEI	RIT RATING		
PLEASE NOTE:	: Refer to state exc	ception pages for t	otal maximum comb	ined credits/debits	applicable for merit
A. CLAIM FRE	EE CREDIT				PERCENTAGE
B. SCHEDULI	E RATING				
1. Profess Reason:	sional Skills, Quality	of Care:		-	
2. Patient	Rapport:				
11/11/2005		P	age I	_	

	Reason:			
	3. Record Keeping Reason:			
	Risk Management Activities Reason:			
	TOTAL SCHEDULE RATING			
	SPECIAL DI (Not all special discoun	SCOUNTS/SURCH ts/surcharges are ava	ARGES ilable in all states)	
A.	PURCHASING GROUP DISCOUNT (if applic	able)		
	Name of Purchasing Group:			
В.	PRACTICE SPLIT DISCOUNT			
C.	CONTINGENT LIABILITY (Indiana Only)			
D.	MEDICAL ASSOCIATION DISCOUNT (Michi	gan Only)		
	NET PREMIUM ADJUSTMENT PERCENTAG	E		0%
		RATING		
		GROSS PREMIUM	CREDITS/DEBITS	NET PREMIUM
Phy	sician	\$0	\$0	\$0
тот	AL PHYSICIAN PREMIUM	\$0	\$0	\$0
тот	AL POLICY AMOUNT			,\$0
	SPEC	IAL DIRECTIONS		
		,		
Unde	erwriter Signature:		Completion Date	



Gayle Neuman/INS 01/19/2006 10:06 AM

To jchorley@apcapital.com

cc sjohnson@apcapital.com

bcc

Subject Fw: Health Care Providers - Rule Filing #IL-05-11

----- Forwarded by Gayle Neuman/INS on 01/19/2006 10:04 AM -----



Gayle Neuman/INS 01/18/2006 09:50 AM

To jchorley@apcapital.com

CC

Subject Fw: Health Care Providers - Rule Filing #IL-05-11

Ms. Chorley,

No response has been received regarding the attached e-mail. Please advise at your earliest convenience.

----- Forwarded by Gayle Neuman/INS on 01/18/2006 09:49 AM -----



Gayle Neuman/INS 12/22/2005 01:57 PM

To jchorley@apcapital.com

CC

Subject Health Care Providers - Rule Filing #IL-05-11

Ms. Chorley,

We are in receipt of the above referenced filing submitted by letter dated December 15, 2005.

In regard to the quarterly installment payment plan, the manual simply indicates you will offer one but the plan with its details was not provided. Are these quarterly payments each 25% of the premium? Is this identical for the extended reporting period premium? Do you charge the insured anything for the payment plan, i.e. installment fees, etc.? Are any other payment installment plans offered? Will you offer every new insured and every renewal insured such plan(s) after January 1, 2006?

Please provide a complete copy of the manual (including the changes to be made with this filing) including pages for countrywide and Illinois specific manuals.

In regard to the scheduled rating plan, we request you provide a percentage or range of debit/credit for each of the individual risk characteristics provided. ProNational will also be requested to change their filing.

Your prompt attention is appreciated.

Hope you enjoy your holidays.

Gayle Neuman
Property & Casualty Compliance Unit
Illinois Department of Financial & Professional Regulation, Division of Insurance

fax (217) 524-2122

Please refer to the Property and Casualty Review Requirement Checklists before submitting a paper filing or an electronic filing (SERFF). The checklists can be accessed through the Department's website (http://www.idfpr.com/) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: gayle_neuman@ins.state.il.us



"Edgington, Patty" <pedgington@apassurance.c om>

01/20/2006 10:38 AM

To <gayle_neuman@ins.state.il.us>

cc "Fossitt, Rhonda" <RFossitt@apassurance.com>

bcc

Subject FW: Health Care Providers - Rule Filing #IL-05-11

Ms. Neuman,

Please see attached response including all attachments. I trust it will provide clarification for all of your concerns. Please contact me if you want to discuss and/or need additional information. Thank you for your assistance in this matter.

Patty Edgington, AU Senior Underwriter American Physicians 1-800-748-0465, Ext. 6849 Direct: 517-324-6849

Fax: 517-333-8232

email: pedgington@apassurance.com

From: Edgington, Patty

Sent: Thursday, January 19, 2006 3:21 PM

To: 'gayle_neuman@ins.state.il.us'

Subject: RE: Health Care Providers - Rule Filing #IL-05-11

Gayle,

Jane Chorley is no longer with American Physicians and I will be preparing a response to address your concerns on behalf of the Company. I plan on providing a complete electronic response (with all necessary attachments) to you by Friday, January 20th. Thank you for your consideration and patience in this matter.

Patty Edgington, AU Senior Underwriter American Physicians 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Johnson, Stacy

Sent: Thursday, January 19, 2006 11:07 AM

To: Edgington, Patty

Subject: FW: Health Care Providers - Rule Filing #IL-05-11

From: Gayle_Neuman@ins.state.il.us [mailto:Gayle_Neuman@ins.state.il.us]

Sent: Thursday, January 19, 2006 11:06 AM

To: Chorley, Jane **Cc:** Johnson, Stacy

Subject: Fw: Health Care Providers - Rule Filing #IL-05-11



ASSURANCE CORPORATION

Practices That Set The Standard

January 20, 2006

Gayle Neuman
Property and Casualty Compliance Unit
Illinois Department of Financial & Professional Regulation
Illinois Division of Insurance
320 West Washington Street, 4th Floor
Springfield, IL 62676

Re: Health Care Providers – APA Rule Filing No.: IL-05-11 NAIC No.: 33006

Company FEIN: 38-2102867

Dear Ms. Neuman:

This letter is in your response to your concerns stated in your e-mail documentation dated December 22, 2005 sent to Jane Chorley. Jane Chorley is no longer with our company so I am responding on behalf of our company. I look forward to working with you on this project.

To address your concerns about our payment plans, we will be offering a nine-payment plan in addition to the quarterly payment plan on new and renewal policies. We have updated our Illinois exception pages (see page IL-10) to clarify these installment options. In addition, this section clarifies the down payment percentage amounts, installment due dates, minimum premiums required, and the \$10.00 installment fee. These installment plans are available to all new and renewal policyholders, however, if a policyholder has established a poor payment history with American Physicians, the underwriter has the discretion of discontinuing a payment plan. An example of poor payment history would be if a policyholder has allowed his/her policy to lapse for non payment of premium two or more times during a 2 year period and/or a policyholder has submitted an insufficient funds check.

We will <u>not</u> offer these installment options to terminated policyholders receiving an extended reporting period (tail) premium offer. As an added benefit to the cancelled policyholder, we instead offer three sets of limits with three annual payments if the policyholder chooses to not select the one set of limits for one lump sum payment. Since the extended reporting endorsement is fully earned premium at the time of issuance, we do not offer the installment options since a fully earned premium endorsement can not be cancelled midterm. Both the one year and unlimited reporting period extensions policy endorsement language explicitly state that the endorsements may not be cancelled for any reason.

Hope you enjoy your holidays.

Gayle Neuman Property & Casualty Compliance Unit Illinois Department of Financial & Professional Regulation, Division of Insurance fax (217) 524-2122

Please refer to the Property and Casualty Review Requirement Checklists before submitting a paper filing or an electronic filing (SERFF). The checklists can be accessed through the Department's website (http://www.idfpr.com/) by clicking on: Insurance; Industry; Regulatory; IS3 Review Requirements Checklists; Property Casualty IS3 Review Requirements Checklists.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: gayle neuman@ins.state.ii.us

CONFIDENTIALITY STATEMENT

This e-mail and any attachments are **CONFIDENTIAL** and may be protected by one or more legal privileges. It is intended solely for the use of the addressee identified above. If you are not the intended recipient, any use, disclosure, copying or distribution of this e-mail is **UNAUTHORIZED**. Neither this information block, the typed name of the sender, nor anything else in this message is intended to constitute an electronic signature unless a specific statement to the contrary is included in this message. If you have received this e-mail in error, please immediately contact me and delete this e-mail from your computer. Thank you.







il-05-11 Response lette<u>r 1-2</u>0-06.doc | Countrywide UW Manual 11-01-04 - <u>01-0</u>1-06.doc | L State Exception UW Manual 1-10-06.doc





PL CM 11 (Report, Period Ext. Unlimited 6-02).doc PL CM 10 (Report, Period Ext. One Year 6-02).doc



il-05-11 Sample Tail Offer Letter Example.doc

Sample Tail Offer Letter - Initial Letter

RE: American Physicians PL Claims-made Policy No. Reporting Extension Endorsement (Tail) Offer

Dear Dr.

Your claims-made professional liability insurance has been cancelled or non-renewed effective and you are now eligible to purchase a reporting extension endorsement. This endorsement (tail coverage) is required in order to have coverage for damages occurring from treatment that was rendered or that should have been rendered after the retroactive date and before the cancellation date of your policy.

There are two options for purchasing this endorsement:

(1) Reporting Period Extension- Unlimited

This reporting period extension would begin on the date of cancellation of your claims-made policy. One set of limits of liability is provided for the entire reporting period, which is unlimited. Your limits would be: \$ each incident/\$ reporting period extension aggregate.

You may purchase this endorsement for \$, which is based on the expiring premium. The premium is due by

(2) Reporting Period Extension- Separate Limits

In this option, three extensions will be issued. The first extension will be issued as of the policy cancellation date of . Additional extensions will be issued at the first and second anniversaries of the cancellation date (,).

Extension Period	Limi	its		Premium
to	\$	each incident/\$	aggregate	\$
to	\$	each incident/\$	aggregate	\$
to unlimited	\$	each incident/\$	aggregate	\$

This is the only opportunity you will have to purchase this coverage. To accept this offer, please send your payment so that we receive it no later than . The endorsement will be mailed to you upon receipt of your payment.

Non-payment shall be deemed a rejection of this offer.

Thank you for doing business with American Physicians Assurance Corporation. If you have any questions, please contact your agency.

Sincerely,

Underwriting Department

cc:

American Physicians Accounting Department

Address:	
Policy Number: Policy Period:	

Named Insured:

Endorsement Effective Date:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPORTING PERIOD EXTENSION – UNLIMITED

The COMPANY agrees to extend the period CLAIMs may be reported under this policy. This REPORTING PERIOD EXTENSION Endorsement begins as of the termination of this policy and is without end. It may not be canceled for any reason.

The Limits of Liability formerly applicable to this expired or otherwise terminated insurance policy no longer apply, but are replaced by the Limits of Liability indicated below for the period of this REPORTING PERIOD EXTENSION Endorsement.

Limits of Liability: each INCIDENT; REPORTING PERIOD EXTENSION aggregate.

All other terms, conditions, exclusions and endorsements of this policy remain the same.

Authorized Representative Khonda besite

3 :	Address:
r:	Policy Number:
l :	Policy Period:
e:	Endorsement Effective Date:

Named Insured:

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

REPORTING PERIOD EXTENSION – ONE YEAR

The COMPANY agrees to extend the period CLAIMs may be reported under this policy. This REPORTING PERIOD EXTENSION Endorsement begins as of the termination of this policy, or the expiration of the latest REPORTING PERIOD EXTENSION Endorsement, whichever date is later. It expires one year after its inception. This endorsement may not be canceled for any reason.

The Limits of Liability formerly applicable to this expired or otherwise terminated insurance policy no longer apply, but are replaced by the Limits of Liability indicated below, for the period of this REPORTING PERIOD EXTENSION Endorsement.

each INCIDENT; Limits of Liability:

REPORTING PERIOD EXTENSION aggregate.

Expiration date of this REPORTING PERIOD EXTENSION Endorsement:

All other terms, conditions, exclusions and endorsements of this policy remain the same.

Authorized Representative Rhonda assitt



Gayle Neuman/INS 02/15/2006 01:15 PM

To "Edgington, Patty" <pedgington@apassurance.com>

CC

bcc

Subject RE: Health Care Providers - Rule Filing #IL-05-11

Ms. Edgington,

Medical malpractice rate/rule filings are now considered file and use, therefore you may technically start using the rate/rule changes effective April 1, 2006.

We are currently holding all medical malpractice filings because of pending legislation in the "first notice" period (2/10/06 through 3/27/06). For information explaining the "first notice" period, go to the website ilga.gov and click on "Additional Resources - Legislative Support Services" - then choose "Joint Committee on Administrative Rules" - you will see the Illinois Rulemaking Process.

If you wish to see a copy of the pending legislation, here is a link to the SOS website site where the Registers are posted: http://www.sos.state.il.us/departments/index/register/home.html#volume30.

If APAC has any comments they wish to make regarding such regulations (which includes the premium installment plan), you should forward such written information to Tim Cena (tim_cena@ins.state.il.us) or Barb Smith (BSmith1@idfpr.com) of this Department.

"Edgington, Patty" <pedgington@apassurance.com>



"Edgington, Patty" <pedgington@apassurance.c om>

02/15/2006 12:44 PM

To <gayle_neuman@ins.state.il.us>

CC

Subject RE: Health Care Providers - Rule Filing #IL-05-11

Ms. Neuman,

I would like to ask the status of the approval of the above filing. I realize we did not supply a reply to your concerns stated on your e-mail dated 12-22-05 until

1-20-06, however, I am concerned due to the original effective date being 4-1-05. Any information you can provide would be helpful. Thank you for your assistance.

Patty Edgington, AU
Compliance Manager
American Physicians Assurance Corporation
1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Edgington, Patty

Sent: Friday, January 20, 2006 11:39 AM **To:** 'gayle_neuman@ins.state.il.us'

Cc: Fossitt, Rhonda

01/18/2006 09:50 AM

Tojchorley@apcapital.com

CC

SubjectFw: Health Care Providers - Rule Filing #IL-05-11

Ms. Chorley,

No response has been received regarding the attached e-mail. Please advise at your earliest convenience.

---- Forwarded by Gayle Neuman/INS on 01/18/2006 09:49 AM ----

Gayle Neuman/INS

12/22/2005 01:57 PM

Tojchorley@apcapital.com

CC

SubjectHealth Care Providers - Rule Filing #IL-05-11

Ms. Chorley,

We are in receipt of the above referenced filing submitted by letter dated December 15, 2005.

In regard to the quarterly installment payment plan, the manual simply indicates you will offer one but the plan with its details was not provided. Are these quarterly payments each 25% of the premium? Is this identical for the extended reporting period premium? Do you charge the insured anything for the payment plan, i.e. installment fees, etc.? Are any other payment installment plans offered? Will you offer every new insured and every renewal insured such plan(s) after January 1, 2006?

Please provide a complete copy of the manual (including the changes to be made with this filing) including pages for countrywide and Illinois specific manuals.

In regard to the scheduled rating plan, we request you provide a percentage or range of debit/credit for each of the individual risk characteristics provided. ProNational will also be requested to change their filing.



"Edgington, Patty" <pedgington@apassurance.c om> 04/07/2006 09:07 AM

To <Gayle_Neuman@ins.state.il.us>

CC

bcc

Subject RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms Neuman:

To clarify the effective date of filing #IL-05-11, this was to be effective 1-1-06.

In response to your question regarding our plan of gathering of statistics, American Physicians gathers statistical information in-house and annually reports data to the Illinois Division of Insurance in compliance with the Data Call for Part 4203 – Cost Containment Reporting Requirements.

Patty Edgington, AU Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Gayle_Neuman@ins.state.il.us [mailto:Gayle_Neuman@ins.state.il.us]

Sent: Friday, April 07, 2006 9:31 AM

To: Edgington, Patty

Subject: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

Could you also please clarify the effective date for this filing? Previously, e-mails were sent and I believe filing IL-05-05 (that was submitted in April 2005) was being confused with this filing.

---- Forwarded by Gayle Neuman/INS on 04/07/2006 08:27 AM ----

Gayle Neuman/INS

Topedgington@apassurance.com

04/07/2006 08:20 AM

cc

SubjectHealth Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

Please indicate if your company has a plan for the gathering of statistics or the reporting of statistics to statistical agencies? If yes, what stat agency is being used or it is in-house?

Neuman, Gayle

From:

Edgington, Patty [pedgington@apassurance.com]

Sent:

Wednesday, May 03, 2006 2:26 PM

To:

Neuman, Gayle

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman,

Please see attached revision to comply with Section 155.18. Specifically, Exception Page IL – 9 has been amended to delete the Consent to Rate rule located in the Countrywide Pages. Thank you for bringing to my attention.

Patty Edgington, AU Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:GNeuman@idfpr.com]

Sent: Wednesday, May 03, 2006 2:42 PM

To: Edgington, Patty

Subject: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We are continuing our review of this filing. In regard to the section titled "CONSENT TO RATE" on page 11 of the manual (countrywide), we do not allow individual risk rating. All medical liability rates have to be filed, and Section 155.18 only allows for distinctions to be made among classes of risks, but all risks under a class have to pay the same rate. Therefore, the removal of this section should be noted on the Illinois Exceptions Pages.

Thank you for your prompt attention.

Gayle Neuman

Property & Casualty Compliance Unit, Division of Insurance Illinois Department of Financial & Professional Regulation (217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting a paper filing or an electronic filing (SERFF). The checklists can be accessed through our website at http://www.idfpr.com/DOI/Prop Cas IS3 Checklists/IS3 Checklists.htm.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: gayle_neuman@ins.state.il.us

IX. RATES, STATE RULES EXCEPTIONS--Illinois

A. Illinois Rating Territories

Territory Code	Territory Description	Territory Factor		
1	Cook, Madison and St. Clair Counties	1.000		
2	Jackson, Vermilion and Will Counties	0.820		
3	DuPage, Kane, Lake, McHenry and Winnebago Counties	0.770		
4	Champaign, Macon and Sangamon Counties	0.610		
5	Bureau, Coles, DeKalb, Kankakee, LaSalle, Ogle and Randolph Counties	0.660		
6	Remainder of State	0.500		

B. Mature Claims-Made Rates

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
229		Addictionology	24,456	20,054	18,831	14,918	16,141	12,228
230		Aerospace Medicine	34,936	28,647	26,901	21,311	23,058	17,468
254		Allergy	25,014	20,511	19,261	15,258	16,509	12,507
151		Anesthesiology	48,658	39,900	37,467	29,681	32,114	24,329
196		Anesthesiology - Pain Management	48,658	39,900	37,467	29,681	32,114	24,329
255		Cardiovascular Disease – No Surgery	37,941	31,112	29,215	23,144	25,041	18,971
281		Cardiovascular Disease - Minor Surgery	79,058	64,828	60,875	48,225	52,178	39,529
256		Dermatology	25,271	20,722	19,459	15,415	16,679	12,635
282		Dermatology – Minor Surgery	45,581	37,377	35,098	27,805	30,084	22,791
237		Diabetes - No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
271		Diabetes - Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
102	S	Emergency Medicine – No Major Surgery	112,092	91,915	86,311	68,376	73,981	56,046
238		Endocrinology - No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
272		Endocrinology - Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
420		Family/General Practitioners - No Surgery	43,575	35,732	33,553	26,581	28,760	21,788
421		Family/General Practitioners – Minor Surgery	65,127	53,404	50,148	39,728	42,984	32,564

HCP-PL IL - 1 Effective: April 1, 2005

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
521		Family/General Practitioners –Minor Surgery – 0 to 24 deliveries	66,159	54,250	50,942	40,357	43,665	33,080
240		Forensic or Legal Medicine	24,456	20,054	18,831	14,918	16,141	12,228
241		Gastroenterology - No Surgery	55,458	45,475	42,703	33,829	36,602	27,729
274		Gastroenterology - Minor Surgery	59,141	48,496	45,538	36,076	39,033	29,570
231		General Preventive Medicine – No Surgery	22,971	18,836	17,688	14,012	15,161	11,485
243		Geriatrics – No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
276		Geriatrics – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
244		Gynecology – No Surgery	32,489	26,641	25,017	19,818	21,443	16,245
277		Gynecology - Minor Surgery	52,092	42,716	40,111	31,776	34,381	26,046
245		Hematology - No Surgery	38,429	31,512	29,590	23,442	25,363	19,214
278		Hematology – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
283		Hospitalist/Intensive Care Medicine	54,504	44,693	41,968	33,247	35,973	27,252
232		Hypnosis	21,657	17,759	16,676	13,211	14,294	10,829
246		Infectious Diseases - No Surgery	69,170	56,719	53,261	42,194	45,652	34,585
279		Infectious Diseases – Minor Surgery	109,028	89,403	83,952	66,507	71,959	54,514
283		Intensive Care Medicine/Hospitalist	54,504	44,693	41,968	33,247	35,973	27,252
257		Internal medicine - No Surgery	65,887	54,027	50,733	40,191	43,486	32,944
284		Internal medicine – Minor Surgery	85,779	70,339	66,050	52,325	56,614	42,890
258		Laryngology - No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
285		Laryngology - Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
801		Manipulative Medicine	25,158	20,630	19,372	15,346	16,604	12,579
471		Neonatology - No Surgery	83,849	68,756	64,564	51,148	55,340	41,925
476		Neonatology – Minor Surgery	104,813	85,947	80,706	63,936	69,177	52,407
259		Neoplastic Diseases - No Surgery	44,260	36,293	34,080	26,999	29,212	22,130
260		Nephrology – No Surgery	36,922	30,276	28,430	22,522	24,368	18,461
287		Nephrology – Minor Surgery	54,564	44,743	42,014	33,284	36,012	27,282
261		Neurology – No Surgery	52,460	43,017	40,394	32,001	34,624	26,230
288		Neurology – Minor Surgery	62,284	51,073	47,959	37,993	41,107	31,142
262		Nuclear Medicine	36,882	30,243	28,399	22,498	24,342	18,441
248		Nutrition	21,657	17,759	16,676	13,211	14,294	10,829
233		Occupational Medicine	29,112	23,872	22,416	17,758	19,214	14,556
473		Oncology – No Surgery	44,260	36,293	34,080	26,999	29,212	22,130
286		Oncology - Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
263		Ophthalmology – No Surgery	30,767	25,229	23,691	18,768	20,306	15,384
289		Ophthalmology – Minor Surgery	33,435	27,417	25,745	20,395	22,067	16,718
264		Otology – No Surgery	39,773	32,614	30,625	24,262	26,250	19,887
290		Otology – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
265		Otorhinolaryngology – No Surgery	24,422	20,026	18,805	14,897	16,119	12,211
291		Otorhinolaryngology – Minor Surgery	50,804	41,659	39,119	30,990	33,531	25,402

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
266		Pathology - No Surgery	30,398	24,926	23,406	18,543	20,063	15,199
292		Pathology – Minor Surgery	53,137	,	,	32,414	35,070	26,569
267		Pediatrics – No Surgery	41,860			25,535	27,628	20,930
293		Pediatrics – Minor Surgery	62,307	,	,	38,007	41,123	31,154
234		Pharmacology	34,936			21,311	23,058	17,468
235		Physiatry or Physical Medicine and	25,158		,	15,346	16,604	
437		Rehabilitation		•	ŕ			12,579
		Physicians – No Major Surgery – acupuncture	54,504	44,693	41,968	33,247	35,973	27,252
802		Physicians - No Major Surgery - Sclerotherapy	59,398	48,706	45,736	36,233	39,203	29,699
431		Physicians – No Major Surgery – shock therapy	59,398	48,706	45,736	36,233	39,203	29,699
268		Physicians – not otherwise classified – no surgery	34,936	28,647	26,901	21,311	23,058	17,468
294		Physicians – not other classified – minor surgery	54,504	44,693	41,968	33,247	35,973	27,252
249		Psychiatry	22,691	18,606	17,472	12 9/1	14.076	11 245
250		Psychoanalysis	21,205	17,388	16,328	13,841 12,935	14,976	11,345
251		Psychosomatic Medicine	17,119	14,037	13,182	12,933	13,995	10,602
236		Public Health	24,456	20,054	18,831	14,918	11,298	8,559
269		Pulmonary Diseases – No Surgery	36,882	30,243	28,399	,	16,141	12,228
298		Pulmonary Diseases – Minor Surgery	62,890	51,570	48,425	22,498 38,363	24,342 41,507	18,441 31,445
253	S	Radiology - diagnostic - No Surgery	55,292	45,339	42,575	33,728	36,493	27,646
280	S	Radiology – diagnostic – Minor Surgery	84,134	68,990	64,783	51,322	55,529	42,067
425	S	Radiology - Therapeutic	62,502	51,251	48,126	38,126	41,251	31,251
252		Rheumatology – No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
247		Rhinology – No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
270		Rhinology – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
166 101	S S	Surgery – Abdominal	136,111	111,611	104,805	83,028	89,833	68,055
141	H	Surgery – Broncho-esophagology	81,665	66,965	62,882	49,816	53,899	40,833
150	H	Surgery - Cardiac	194,808	159,743	150,002	118,833	128,573	97,404
115		Surgery - Cardiovascular Disease	178,035	145,989	137,087	108,601	117,503	89,017
	S	Surgery - Colon and Rectal	107,649	88,272	82,890	65,666	71,048	53,824
472	S	Surgery – Dermatology	76,979	63,123	59,274	46,957	50,806	38,490
157	S	Surgery - Emergency Medicine	127,484	104,537	98,163	77,765	84,139	63,742
103	S	Surgery – Endocrinology	76,507	62,736	58,910	46,669	50,494	38,253
117	S	Surgery – Family/General Practice	94,795	77,732	72,992	57,825	62,565	47,397
104	S	Surgery – Gastroenterology	80,793	66,250	62,210	49,284	53,323	40,396
143	S	Surgery – General – not otherwise classified	126,390	103,640	97,320	77,098	83,418	63,195
105	S	Surgery – Geriatrics	82,687	67,803	63,669	50,439	54,573	41,344
167	H	Surgery - Gynecology	104,831	85,961	80,720	63,947	69,188	52,415
169	S	Surgery - Hand	111,148	91,141	85,584	67,800	73,358	55,574
170	S	Surgery - Head and Neck	136,952	112,301	105,453	83,541	90,388	68,476
106	S	Surgery - Laryngology	72,480	59,434	55,810	44,213	47,837	36,240
474	Н	Surgery - Neonatology or Pediatrics	136,111	111,611	104,805	83,028	89,833	68,055

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Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
107	S	Surgery - Neoplastic	71,456	58,594	55,021	43,588	47,161	35,728
108	S	Surgery - Nephrology	71,456	58,594		43,588	47,161	35,728
152	Н	Surgery - Neurology	297,109	243,630	228,774	181,237	196,092	148,555
168	H	Surgery – Obstetrics	188,441	154,522	145,100	114,949	124,371	
153	Н	Surgery - Obstetrics - Gynecology	188,441	154,522	145,100	114,949	124,371	94,220 94,220
560	Н	Surgery – Obstetrics – Gynecology – 0 to 49 deliveries	150,762	123,625	116,087	91,965	99,503	75,381
561	H	50 to 69 deliveries	155,464	127,480	119,707	94,833	102,606	77,732
562	H	70 to 89 deliveries	160,174	131,343	123,334	97,706	102,000	80,087
563	Н	90 to 109 deliveries	169,598	139,070	130,590	103,455	111,935	84,799
564	H	110 to 129 deliveries	179,023	146,799	137,848	109,204	118,155	89,512
565	H	130 to 149 deliveries	188,441	154,522	145,100	114,949	124,371	94,220
566	H	150 to 169 deliveries	207,286	169,974	159,610	126,444	136,809	103,643
567	H	170 to 189 deliveries	226,131	185,428	174,121	137,940	149,247	113,066
568	H	190 to 209 deliveries	244,973	200,878	188,629	149,434	161,682	122,486
569	H	210 to 229 deliveries	263,820	216,332	203,141	160,930	174,121	131,910
570	Н	230 to 249 deliveries	282,661	231,782	217,649	172,423	186,556	141,331
571	Н	250 to 269 deliveries	301,506	247,235	232,160	183,919	198,994	150,753
572	H	270 to 289 deliveries	320,353	262,689	246,672	195,415	211,433	160,733
573	H	290 to more deliveries	339,194	278,139	261,179	206,908	223,868	169,597
114	S	Surgery - Ophthalmology	59,240	48,577	45,615	36,137	39,099	29,620
804	S	Surgery - Ophthalmology - Plastic	86,767	71,149	66,811	52,928	57,266	43,383
154	H	Surgery - Orthopedic	195,736	160,503	150,717	119,399	129,186	97,868
164	Н	Surgery – Orthopedic – without procedures on the back	144,231	118,269	111,058	87,981	95,193	72,116
158	S	Surgery - Otology	81,665	66,965	62,882	49,816	53,899	40,833
159	S	Surgery - Otorhinolaryngology	74,735	61,283	57,546	45,588	49,325	37,368
156	Н	Surgery - Plastic - not otherwise classified	123,516	101,283	95,107	75,345	81,521	61,758
155	S	Surgery - Otorhinolaryngology	116,965	95,911	90,063	71,349	77,197	58,482
160	S	Surgery - Rhinology	81,665	66,965	62,882	49,816	53,899	40,833
144	H	Surgery - Thoracic	188,648	154,691	145,259	115,075	124,508	94,324
171	H	Surgery - Traumatic	178,035	145,989	137,087	108,601	117,503	89,017
145	S	Surgery - Urological	87,182	71,489	67,130	53,181	57,540	43,591
146	Н	Surgery - Vascular	185,155	151,827	142,569	112,945	122,202	92,577
424		Urgent Care Medicine	39,468	32,364	30,390	24,076	26,049	19,734

Note: When \$2,000,000/\$4,000,000 Increased Limits Factor (ILF) is requested for a specialty code that displays an alpha code, either **S** or **H**, use the corresponding ILF factor as displayed in Rule G.

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Health Care Providers Professional Liability Insurance

C. Mature Claims-Made Rates - Dentists

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
212		Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia	48,163	39,494	37,086	29,379	31,788	24,082
210		Dentists - Minor Surgery	24,083	19,748	18,544	14,690	15,895	12,041
211		Dentists – No Surgery - not otherwise classified	9,633	7,899	7,418	5,876	6,358	4,817

Illinois

D. Mature Claims-Made Rates - Healthcare Facilities

1. Emergency Room Groups*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
S	Emergency Room Groups ("Per 100 patient visits" basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the "per patient visit" premium.	2,496	2,047	1,922	1,523	1,647	1,248

2. Urgent Care Groups*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
	Urgent Care Groups ("Per 100 patient visits" basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the "per patient visit" premium.	708	581	545	432	467	354

3. Outpatient Surgery Centers*

ILFs Alpha Code S	Specialty Description	Terr. 1 Terr. 2		Terr. 3	Terr. 4	Terr. 5	Terr. 6
	Outpatient Surgery Centers (Surgicenters) ("Per 100 patient	3,539	2,902	2,725	2,159	2,336	1,770

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Illinois

American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

visits" basis). All physicians must be separately insured by American Physicians in order to provide coverage for the outpatient surgery center.

*Note: Minimum premium for each Facility Policy in Section D., Item 1, 2, 3 is \$2,500.

E. Higher limits of liability may be purchased at premiums derived by applying the following factors to the \$1,000,000/\$3,000,000 rates:

Higher Limits of Liability	All Other Physicians and Dentists	Emergency Medicine, Radiologists, All Other Surgery (S)	Selected Surgical Specialties (H)
\$2,000,000/\$4,000,000	1.344	1.418	1.460
For	higher Limits o	f Liability – Refer to Company	

F. Limits that are less than these \$1,000,000/\$3,000,000 may be purchased at premiums derived from applying the following decreased limit factors to the \$1,000,000/\$3,000,000 rates (not including any credit applied for a deductible):

Limits of Liability	All Physicians, Surgeons, and Dentists
\$100,000/\$300,000	0.480
\$200/000/\$600,000	0.620
\$250,000/\$750,000	0.665
\$300,000/\$900,000	0.700
\$500,000/\$1,500,000	0.790
\$750,000/\$2,250,000	0.920
\$1,000,000/\$1,000/000	0.980
\$1,000,000/\$3,000,000	1.000

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G. Claims-Made Maturity Factors

Note: If the retroactive date falls on a date other than the anniversary date, a factor will be used that is pro-rating the two applicable maturity factors. These factors are applied to the mature claims-made base rates.

First Year	0.25
Second Year	0.40
Third Year	0.75
Fourth Year	0.90
Fifth Year	0.95
Sixth Year	0.98
Mature	1.00

H. Reporting Period Extension Factors

Claims-made reporting period extension(s) ("tail" coverage) are offered (unless coverage is automatically provided within the terms of the policy) to any insured whose coverage is terminated for any reason.

- 1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor displayed below to the expiring premium.
- 2. Alternatively, three extensions may be purchased as of the policy termination and the next two anniversaries of that termination. Separate limits apply for each of the three extensions. The final extension is an unlimited extension. Premiums for each extension are 33.3% of the rate applicable to the single unlimited extension (1.).
- I. Factors are applied to the claims-made rate applicable to the expiring policy at the time the extended reporting endorsement is offered.

First Year	4.00
Second Year	3.88
Third Year	2.40
Fourth Year	2.11
Fifth Year	2.05
Sixth Year	2.01
Mature	1.97

Illinois

American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

J. Corporate Entity Coverage

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, subitem 3. is replaced with the following:

3. 15% of the sum of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge.

K. Part-Time Rule

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

X. Merit Rating

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed 135%. The total maximum combined credit/debit that may be applied under the Claims-Free Credit Rule and the Schedule Rating Plan is ±50%/-35%.

A. Claim-Free Credit

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

1. Credit Schedule:

Years of Claims-Free	
<u>Experience</u>	Credit
Three to Five Years	5%
Six to Seven Years	10%
Eight or More Years	15%

B. Schedule Rating Plan

See countrywide manual Section X. Merit Rating, Rule B. for the underwriting criteria. The maximum allowable credit/debit for the Schedule Rating Plan is $\pm 35\%$.

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Illinois

XI. Quarterly Installment Option

American Physicians offers a quarterly payment plan.

XII. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XIII. Risk Management Activities Discounts

See countrywide manual Section X. MERIT RATING, Rule B. Schedule Rating Plan, for the Underwriting Criteria.

XIV. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.

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Neuman, Gayle

From:

Edgington, Patty [pedgington@apassurance.com]

Sent:

Thursday, May 04, 2006 9:19 AM

To:

Neuman, Gayle

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman.

I am extremely sorry for the oversight. Please see the correct attachment of updated exception pages.

Patty Edgington, AU Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:GNeuman@idfpr.com]

Sent: Thursday, May 04, 2006 9:54 AM

To: Edgington, Patty

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

The attachment you provided with your response only had 9 pages. The copy of the Illinois Exception pages provided on 1/20/06 had 10 pages, with the final page including payment plan information. Please provide the updated pages.

From: Edgington, Patty [mailto:pedgington@apassurance.com]

Sent: Wednesday, May 03, 2006 2:26 PM

To: Neuman, Gayle

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman,

Please see attached revision to comply with Section 155.18. Specifically, Exception Page IL - 9 has been amended to delete the Consent to Rate rule located in the Countrywide Pages. Thank you for bringing to my attention.

Patty Edgington, AU Compliance Manager American Physicians Assurance Corporation

1-800-748-0465, Ext. 6849 Direct: 517-324-6849

Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:GNeuman@idfpr.com]

Sent: Wednesday, May 03, 2006 2:42 PM

To: Edgington, Patty

Subject: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We are continuing our review of this filing. In regard to the section titled "CONSENT TO RATE" on page 11 of the manual

XII. RATES, STATE RULES EXCEPTIONS--Illinois

A. Illinois Rating Territories

Territory Code	Territory Description	Territory Factor
1	Cook, Madison and St. Clair Counties	1.000
2	Jackson, Vermilion and Will Counties	0.820
3	DuPage, Kane, Lake, McHenry and Winnebago Counties	0.770
4	Champaign, Macon and Sangamon Counties	0.610
5	Bureau, Coles, DeKalb, Kankakee, LaSalle, Ogle and Randolph Counties	0.660
6	Remainder of State	0.500

B. Mature Claims-Made Rates

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
229		Addictionology	24,456	20,054	18,831	14,918	16 141	10.000
230		Aerospace Medicine	34,936	28,647	26,901		16,141	12,228
254		Allergy	25,014	20,511		21,311	23,058	17,468
151		Anesthesiology	48,658	39,900	19,261	15,258	16,509	12,507
196		Anesthesiology – Pain Management	-		37,467	29,681	32,114	24,329
		i modulestology i am tvianagement	48,658	39,900	37,467	29,681	32,114	24,329
255		Cardiovascular Disease - No Surgery	37,941	31,112	29,215	00.144	25.041	
281		Cardiovascular Disease - Minor	79,058	-		23,144	25,041	18,971
		Surgery	79,036	64,828	60,875	48,225	52,178	39,529
256		Dermatology	25,271	20,722	10.450	15 415	16.670	10 (0.1
282		Dermatology – Minor Surgery	45,581	37,377	19,459	15,415	16,679	12,635
237		Diabetes – No Surgery		•	35,098	27,805	30,084	22,791
271		Diabetes – Minor Surgery	37,879	31,061	29,167	23,106	25,000	18,939
		Subcies Willor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
102	S	Emergency Medicine – No Major Surgery	112,092	91,915	86,311	68,376	73,981	56,046
238		Endocrinology - No Surgery	36,882	30,243	28,399	22,498	24 242	10 441
272		Endocrinology – Minor Surgery	54,504	44,693	41,968		24,342	18,441
		<i>2,</i>	51,504	77,073	41,900	33,247	35,973	27,252
420		Family/General Practitioners - No Surgery	43,575	35,732	33,553	26,581	28,760	21,788
421		Family/General Practitioners – Minor Surgery	65,127	53,404	50,148	39,728	42,984	32,564

11/n n

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
521	couc	Family/General Practitioners – Minor Surgery – 0 to 24 deliveries	66,159	54,250	50,942	40,357	43,665	33,080
240		Forensic or Legal Medicine	24,456	20,054	18,831	14,918	16,141	12,228
241		Gastroenterology - No Surgery	55,458	45,475	42,703	33,829	36,602	27,729
274		Gastroenterology - Minor Surgery	59,141	48,496	45,538	36,076	39,033	29,570
231		General Preventive Medicine – No Surgery	22,971	18,836	17,688	14,012	15,161	11,485
243		Geriatrics - No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
276		Geriatrics – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
244		Gynecology – No Surgery	32,489	26,641	25,017	19,818	21,443	16,245
277		Gynecology – Minor Surgery	52,092	42,716	40,111	31,776	34,381	26,046
245		Hematology - No Surgery	38,429	31,512	29,590	23,442	25,363	19,214
278		Hematology – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
283		Hospitalist/Intensive Care Medicine	54,504	44,693	41,968	33,247	35,973	27,252
232		Hypnosis	21,657	17,759	16,676	13,211	14,294	10,829
246		Infectious Diseases – No Surgery	69,170	56,719	53,261	42,194	45,652	34,585
279		Infectious Diseases – Minor Surgery	109,028	89,403	83,952	66,507	71,959	54,514
283		Intensive Care Medicine/Hospitalist	54,504	44,693	41,968	33,247	35,973	27,252
257		Internal medicine - No Surgery	65,887	54,027	50,733	40,191	43,486	32,944
284		Internal medicine – Minor Surgery	85,779	70,339	66,050	52,325	56,614	42,890
258		Laryngology - No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
285		Laryngology – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
801		Manipulative Medicine	25,158	20,630	19,372	15,346	16,604	12,579
471		Neonatology - No Surgery	83,849	68,756	64,564	51,148	55,340	41,925
476		Neonatology – Minor Surgery	104,813	85,947	80,706	63,936	69,177	52,407
259		Neoplastic Diseases - No Surgery	44,260	36,293	34,080	26,999	29,212	22,130
260		Nephrology – No Surgery	36,922	30,276	28,430	22,522	24,368	18,461
287		Nephrology – Minor Surgery	54,564	44,743	42,014	33,284	36,012	27,282
261		Neurology – No Surgery	52,460	43,017	40,394	32,001	34,624	26,230
288		Neurology – Minor Surgery	62,284	51,073	47,959	37,993	41,107	31,142
262		Nuclear Medicine	36,882	30,243	28,399	22,498	24,342	18,441
248		Nutrition	21,657	17,759	16,676	13,211	14,294	10,829
233		Occupational Medicine	29,112	23,872	22,416	17,758	19,214	14,556
473		Oncology - No Surgery	44,260	36,293	34,080	26,999	29,212	22,130
286		Oncology – Minor Surgery	54,504	44,693	41,968	33,247	35,973	27,252
263		Ophthalmology – No Surgery	30,767	25,229	23,691	18,768	20,306	15,384
289		Ophthalmology - Minor Surgery	33,435	27,417	25,745	20,395	22,067	16,718
264		Otology – No Surgery	39,773	32,614	30,625	24,262	26,250	19,887
290		Otology – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
265		Otorhinolaryngology – No Surgery	24,422	20,026	18,805	14,897	16,119	12,211
291		Otorhinolaryngology - Minor Surgery	50,804	41,659	39,119	30,990	33,531	25,402

Effective: April 1, 2005 UCD. DI II. - 2

pecialty	ILFs		Description	Terr. 1	Terr	. 2	Terr.	3 T	err. 4	1 er	r. 5	Terr. 6
Code	Alpha		Specialty Description			006	23,4	06	18,543	. 20	,063	15,199
00	Code		N. C. woord	30,398		926	40,9		32,414	35	5,070	26,569
266		Pat	thology – No Surgery	53,137		,572			25,535		7,628	20,930
292		Dat	thology - Minor Surgery	41,860		,325	32,2	-	38,007		1,123	31,154
		Da	diatrics - No Surgery	62,307	51	,092	47,9	7/6		_	3,058	17,468
267		Pe	diatrics – Minor Surgery	34,936	28	,647	26,9	901	21,31		6,604	12,579
293			1000	25,158		,630	19,3	372	15,34	p 1	0,004	,-
234		יו ד מר	narmacology nysiatry or Physical Medicine and	23,130		,					- 072	27,252
235		-	1 - Lilitation	- 4 - 5 0 4	1/	1,693	41.	968	33,24	7 3	5,973	21,232
		K	hysicians – No Major Surgery –	54,504	4-	+ ,075	,					20.600
437		PI	lysicians - No mag		4.0	206	45	736	36,23	3 3	39,203	29,699
		ac	cupuncture No Major Surgery -	59,398	47	8,706	٦٥,	,,50	ĺ			
802		P	hysicians – No Major Surgery –				4.5	726	36,23	33 (39,203	29,699
002		S	clerotherapy shock	59,398	4	8,706	45,	,736	50,20			
421		P	clerotherapy hysicians – No Major Surgery – shock	•			_	001	21,3	11	23,058	17,468
431				34,936	2	8,647	26	,901	21,3	1 1	23,000	
		P	herapy Physicians – not otherwise classified –	51,750						477	35,973	27,252
268				54,504	. 4	14,693	41	,968	33,2	4 /	33,913	,
		1. T	no surgery Physicians – not other classified –	34,30-	,	,					11076	11,34
294		1	minor surgery	22.60		18,606	. 17	7,472	13,8		14,976	10,60
		1	ninoi surgory	22,69		17,388		5,328	12,9	35	13,995	
249			Psychiatry	21,20				3,182	10,4	143	11,298	8,55
250			Psychoanalysis Modicine	17,11	-	14,037		8,831	14,9		16,141	
251			Psychosomatic Medicine	24,45	6	20,054		8,399	22,		24,342	
236			Public Health	36,88	2	30,24				363	41,507	31,44
269			Pulmonary Diseases – No Surgery Ninor Surgery	62,89	0	51,57	0 4	8,425	50,	500	-	
			Pulmonary Diseases – Minor Surgery	- ,					22	728	36,493	27,64
298				55,29	2	45,33		12,575		728	55,529	
	S		Radiology - diagnostic - No Surgery	84,13		68,99	0 6	54,783	51,	,322	JJ,522	,
253			Radiology - diagnostic - Minor	07,1-	'	- ,					41.25	1 31,2
280	S	•	Surgery .	(0.5	0.7	51,25	51 4	48,126		,126	41,25	
			Radiology – Therapeutic	62,5		30,24	_	28,399	22	,498	24,34	
425	,	S	Rheumatology – No Surgery	36,8				29,167		,106	25,00	· ^
252			Rheumatology - No Surgery	37,8		31,00	-	43,103		,147	36,94	6 27,9
247			Rhinology - No Surgery	55,9	78	45,9	02	45,105		•		
270			Rhinology – Minor Surgery			_	1	04.904	. 81	3,028	89,83	68,0
270			1	136,1	11	111,6	11 1	04,805		9,816	53,89	9 40,8
166		S	Surgery – Abdominal	81,6		66,9	65	62,882	-	8,833	128,57	
166		S	Surgery - Broncho-esophagology	194,	808	159,7	43	150,00	2 11	0,033	117,50	ევ 89,
101		H	Cardiac	178,		145,9	89	137,08		8,601	71,0	
141		Н	Curgery - Cardiovasculai Discuse	107,	649	88,2	272	82,89		5,666	50,8	
150			Surgery - Colon and Rectal	76	979	63,		59,27		6,957	30,8 84,1	
115		S	o Dermatology			104,		98,16		7,765		_
472		S	Surgery – Emergency Medicine Surgery – Emergency Medicine		484	62	736	58,91	0 4	6,669		
157	7	S	~ Endocrinology		,507	77	732	72,99	92 5	57,825		
103	3	S	Surgery – Endocrino By Surgery – Family/General Practice	94	,795	11,	250	62,2	10 4	19,284		
11		S	- Castroenieroluky		,793	00,	230 230	97,3		77,098		418 63
10		S	Surgery – Gastroenterology Surgery – Gastroenterology Gastroenterology	126	,390	103,	,640	91,5		,		
14		S	Surgery – Gastrochier of Surgery – General – not otherwise				202	(2 6	60	50,439	54,	573 41
177			classified	82	2,687		,803	63,6		63,947		188 52
1.0	15	S	Surgery - Geriatrics		,831	85	,961	80,7				358 5
10		Н	Surgery – Gynecology		1,148		,141	85,5		67,800		388 6
16		S	Surgery - Hand	12.	6,952		,301	105,4	53	83,54	·	,837 3
	69		Surgery – Head and Neck	13	0,7 <i>1</i> 20	_	,434	55,8	310	44,213		,02.
1'	70	S	I		2,480		1,611	104,8		83,02	8 89	,833 6
10	06	S	Surgery – Laryngology Surgery – Neonatology or Pediatric	cs 13	6,111	11.	1,011					
	74	H	Surgery - Noonatores									

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
107	S	Surgery – Neoplastic	71,456	58,594	55,021	43,588	47,161	35,728
108	S	Surgery – Nephrology	71,456	58,594	55,021	43,588	47,161	35,728
152	H	Surgery – Neurology	297,109	243,630	228,774	181,237	196,092	148,555
168	Н	Surgery – Obstetrics	188,441	154,522	145,100	114,949	124,371	94,220
153	Н	Surgery – Obstetrics – Gynecology	188,441	154,522	145,100	114,949	124,371	94,220
560	Н	Surgery – Obstetrics – Gynecology – 0 to 49 deliveries	150,762	123,625	116,087	91,965	99,503	75,381
561	H	50 to 69 deliveries	155,464	127,480	119,707	94,833	102,606	77,732
562	H	70 to 89 deliveries	160,174	131,343	123,334	97,706	105,715	80,087
563	H	90 to 109 deliveries	169,598	139,070	130,590	103,455	111,935	84,799
564	Н	110 to 129 deliveries	179,023	146,799	137,848	109,204	118,155	89,512
565	H	130 to 149 deliveries	188,441	154,522	145,100	114,949	124,371	94,220
566	H	150 to 169 deliveries	207,286	169,974	159,610	126,444	136,809	103,643
567	H	170 to 189 deliveries	226,131	185,428	174,121	137,940	149,247	113,066
568	Н	190 to 209 deliveries	244,973	200,878	188,629	149,434	161,682	122,486
569	Н	210 to 229 deliveries	263,820	216,332	203,141	160,930	174,121	131,910
570	Н	230 to 249 deliveries	282,661	231,782	217,649	172,423	186,556	141,331
571	H	250 to 269 deliveries	301,506	247,235	232,160	183,919	198,994	150,753
572	Н	270 to 289 deliveries	320,353	262,689	246,672	195,415	211,433	160,176
573	H	290 to more deliveries	339,194	278,139	261,179	206,908	223,868	169,597
114	S	Surgery - Ophthalmology	59,240	48,577	45,615	36,137	39,099	29,620
804	S	Surgery - Ophthalmology - Plastic	86,767	71,149	66,811	52,928	57,266	43,383
154	H	Surgery – Orthopedic	195,736	160,503	150,717	119,399	129,186	97,868
164	Н	Surgery - Orthopedic - without procedures on the back	144,231	118,269	111,058	87,981	95,193	72,116
158	S	Surgery – Otology	81,665	66,965	62,882	49,816	53,899	40,833
159	S	Surgery - Otorhinolaryngology	74,735	61,283	57,546	45,588	49,325	37,368
156	Н	Surgery – Plastic – not otherwise classified	123,516	101,283	95,107	75,345	81,521	61,758
155	S	Surgery – Otorhinolaryngology	116,965	95,911	90,063	71,349	77,197	58,482
160	S	Surgery – Rhinology	81,665	66,965	62,882	49,816	53,899	40,833
144	H	Surgery - Thoracic	188,648	154,691	145,259	115,075	124,508	94,324
171	H	Surgery – Traumatic	178,035	145,989	137,087	108,601	117,503	89,017
145	S	Surgery – Urological	87,182	71,489	67,130	53,181	57,540	43,591
146	Н	Surgery – Vascular	185,155	151,827	142,569	112,945	122,202	92,577
424		Urgent Care Medicine	39,468	32,364	30,390	24,076	26,049	19,734

Note: When \$2,000,000/\$4,000,000 Increased Limits Factor (ILF) is requested for a specialty code that displays an alpha code, either **S** or **H**, use the corresponding ILF factor as displayed in Rule E.

TIOD DI

Health Care Providers Professional Liability Insurance

C. Mature Claims-Made Rates - Dentists

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
	Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia	48,163	39,494	37,086	29,379	31,788	24,082
	Dentists - Minor Surgery	24,083	19,748	18,544	14,690	15,895	12,041
	Dentists – No Surgery - not otherwise classified	9,633	7,899	7,418	5,876	6,358	4,817
	Alpha	Alpha Code Specialty Description Dental Surgeons — Oral or Maxillofacial — Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia Dentists — Minor Surgery Dentists — No Surgery - not	Alpha Code Specialty Description Dental Surgeons - Oral or Maxillofacial - Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia Dentists - Minor Surgery 24,083 Dentists - No Surgery - not 9,633	Alpha Code Specialty Description Terr. 1 Terr. 2 Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia Dentists – Minor Surgery Dentists – No Surgery - not 24,083 19,748 Dentists – No Surgery - not 9,633 7,899	Alpha Code Specialty Description Terr. 1 Terr. 2 Terr. 3 Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia Dentists – Minor Surgery 24,083 19,748 18,544 Dentists – No Surgery - not 9,633 7,899 7,418	Alpha Code Specialty Description Terr. 1 Terr. 2 Terr. 3 Terr. 4 Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia Dentists – Minor Surgery 24,083 19,748 18,544 14,690 Dentists – No Surgery - not 9,633 7,899 7,418 5,876	Alpha Code Specialty Description Terr. 1 Terr. 2 Terr. 3 Terr. 4 Terr. 5 Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia Dentists – Minor Surgery 24,083 19,748 18,544 14,690 15,895 Dentists – No Surgery - not 9,633 7,899 7,418 5,876 6,358

D. Mature Claims-Made Rates - Healthcare Facilities

1. Emergency Room Groups*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
S	Emergency Room Groups ("Per 100 patient visits" basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the "per patient visit" premium.	2,496	2,047	1,922	1,523	1,647	1,248

2. Urgent Care Groups*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
	Urgent Care Groups ("Per 100 patient visits" basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the "per patient visit" premium.	708	581	545	432	467	354

3. Outpatient Surgery Centers*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
S	Outpatient Surgery Centers (Surgicenters) ("Per 100 patient	3,539	2,902	2,725	2,159	2,336	1,770

Illinois

visits" basis). All physicians must be separately insured by American Physicians in order to provide coverage for the outpatient surgery center.

*Note: Minimum premium for each Facility Policy in Section D., Item 1, 2, 3 is \$2,500.

E. Higher limits of liability may be purchased at premiums derived by applying the following factors to the \$1,000,000/\$3,000,000 rates:

Higher Limits of Liability	All Other Physicians and Dentists	Emergency Medicine, Radiologists, All Other Surgery (S)	Selected Surgical Specialties (H)
\$2,000,000/\$4,000,000	1.344	1.418	1.460
For	r higher Limits of	f Liability – Refer to Company	

F. Limits that are less than these \$1,000,000/\$3,000,000 may be purchased at premiums derived from applying the following decreased limit factors to the \$1,000,000/\$3,000,000 rates (not including any credit applied for a deductible):

Limits of Liability	All Physicians, Surgeons, and Dentists
\$100,000/\$300,000	0.480
\$200/000/\$600,000	0.620
\$250,000/\$750,000	0.665
\$300,000/\$900,000	0.700
\$500,000/\$1,500,000	0.790
\$750,000/\$2,250,000	0.920
\$1,000,000/\$1,000/000	0.980
\$1,000,000/\$3,000,000	1.000

Health Care Providers Professional Liability Insurance

G. Claims-Made Maturity Factors

Note: If the retroactive date falls on a date other than the anniversary date, a factor will be used that is pro-rating the two applicable maturity factors. These factors are applied to the mature claims-made base rates.

First Year	0.25
Second Year	0.40
Third Year	0.75
Fourth Year	0.90
Fifth Year	0.95
Sixth Year	0.98
Mature	1.00

H. Reporting Period Extension Factors

Claims-made reporting period extension(s) ("tail" coverage) are offered (unless coverage is automatically provided within the terms of the policy) to any insured whose coverage is terminated for any reason.

- 1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor displayed below to the expiring premium.
- 2. Alternatively, three extensions may be purchased as of the policy termination and the next two anniversaries of that termination. Separate limits apply for each of the three extensions. The final extension is an unlimited extension. Premiums for each extension are 33.3% of the rate applicable to the single unlimited extension (1.).
- I. Factors are applied to the claims-made rate applicable to the expiring policy at the time the extended reporting endorsement is offered.

First Year	4.00
Second Year	3.88
Third Year	2.40
Fourth Year	2.11
Fifth Year	2.05
Sixth Year	2.01
Mature	1.97

Illinois

J. Corporate Entity Coverage

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, subitem 3. is replaced with the following:

3. 15% of the sum of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge.

K. Part-Time Rule

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

XIII. Merit Rating

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed $\underline{135\%}$. The total maximum combined $\underline{\text{credit/debit}}$ that may be applied under the Claims-Free Credit Rule and the Schedule Rating Plan is $\underline{+50\%/-35\%}$.

A. Claim-Free Credit

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

1. Credit Schedule:

Years of Claims-Free Experience	Credit
Three to Five Years Six to Seven Years Eight or More Years	5% 10% 15%

Illinois

B. Schedule Rating Plan

The premium may be credited or debited based on the total of credits and debits derived from the following "risk characteristics" schedule. The maximum allowable $\underline{\text{credit/debit}}$ for the Schedule Rating Plan is $\pm 35\%$

		Max	imum
		Credit	<u>Debit</u>
1	. Professional Skills, Quality of Care	10%	10%
	Use of a recognized system of clinical guidelines. Rel board certification. Accreditation status by a recog regulatory body. The provision of medical care limite qualified individuals. Continuing education of all profess staff beyond what is required by state licensing regular Maintenance of premises and equipment.	nized ed to	
2.	Patient Rapport	10%	10%
	Length of service and reputation in community. Establi policies and procedures for patient services. Cooperation the Company claims management and resolution procedure.	with	
3.	Record Keeping	10%	10%
	A well-maintained patient record system in place: thorodocumentation of patient care and interaction; follow system for diagnostic studies, consultation and appointments	7-11 n	
4.	Risk Characteristics	5%	5%
	a. Documented successful completion of an approved of risk analysis/communication skills assessment/management on-site visit and/or education prograticulating an appropriate response to recommendation made.	risk am	

b. Documented attendance at an approved risk management seminar, or successful completion of an approved risk

management correspondence course.

Health Care Providers Professional Liability Insurance

XIV. Installment Options

American Physicians offers the following: (does not apply to Claims-Made Reporting Period Extensions ("tail coverage").

4-pay (quarterly)	25% down payment	3 equal installments (Due 4 th , 7 th , and 10 th months).	\$1,000 Minimum Annual Premium
9-pay (monthly)	15% down payment	8 equal installments (Due 2 nd , 3 rd , 4 th , 5 th , 6 th , 7 th , 8 th , and 9 th months).	\$5,000 Minimum Annual Premium

^{*} A \$10 service charge will be applied to all payment plans/per installment.

XV. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9; for the Underwriting Criteria.

Effective: January 1, 2006

COUNTRYWIDE MANUAL PAGES

Changes and Final Print Copy

as submitted on Ialaolos

MATERIAL HIGHLIGHTED IS AMENDED OR NEW

Health Care Providers Professional Liability Insurance

X. **MERIT-RATING**

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed a specified percentage. Please refer to rates, state rule exception pages for

A. Claim-free Credit

- 1. The Company will allow a credit to those applicants and insureds who have maintained a practice without substantial change for at least the immediately prior three years and who have incurred no claims for the immediately prior three or more years. This credit is in addition to any scheduled credit or debit.
- 2. The time frame for any claim is based on the date the claim is reported.
- 3. This credit does not apply to part-time physicians.
- 4. Credit schedule See state exception manual pages for the applicable credit

B. Schedule Rating Plan

Based upon the Underwriters overall evaluation, an exposure may justify a modification (credit/debit) to the otherwise applicable premium based on one or more of the following individual risk characteristics. Please note: these are guidelines and are not intended to be a comprehensive list of every consideration.

Please refer to rates, state rule exception pages for details regarding maximum credits/debits.

Schedule of Individual Risk Characteristics:

1.	Professional Skills, Years of experience in the practice of medicine Board Certification
2.	
3.	Longevity with American Physician
4.	Established policies and procedures
5.	Cooperation with claims management
6.	a) Communication Skills Assessment (CSA) 1) Recommended 2) Underwriter B:
	1) Excellent 2) Above Average 2) A
•	Number and type of patient exposures/practice hours Continuing Modical Education
	Solution is the control of the contr
) <u>.</u>	Training, accreditation, credentialing, privileges, professional society membership, and hospital affiliations

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Health Care Providers Professional Liability Insurance

XI. CONSENT TO RATE

- A. A physician or surgeon may be an acceptable professional liability insurance risk only at rates higher than otherwise available through this manual.
- B. In the event that a higher rate is warranted based on the claims history or other circumstances, an individual rate filing signed by the insured or the applicant is filed as required by, and to the satisfaction of the appropriate state insurance department or

Page 11 of 11 Effective: January 1 2006

Health Care Providers Professional Liability Insurance

MATERIAL STRIKETHROUGH IS AMENDED OR DELETED

Χ. MERIT-RATING

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed 100%. See state rate and exception manual pages for maximum credits.

A. Claim-free Credit

- 1. The Company will allow a credit to those applicants and insureds who have maintained a practice without substantial change for at least the immediately prior three years and who have incurred no claims for the immediately prior three or more years. This credit is in addition to any scheduled credit or debit.
- 2. The time frame for any claim is based on the date the claim is reported.
- 3. This credit does not apply to part-time physicians.
- 4. Credit schedule See state exception manual pages for the applicable credit

B. Schedule Rating Plan

The premium may be credited or debited based on the total of credits and debits derived from the following "risk characteristics" schedule. Credits and debits are granted only at the time of policy application or renewal; no credits or debits apply to current or expired policy periods.

	··	
	Maximum	
	Crodit Date	
1. Professional Skills, Quality	ofCara	
, (100/	

10% 10% Use of a recognized system of clinical guidelines. Relevant

board certification. Accreditation status by a recognized regulatory body. The provision of medical care limited to qualified individuals. Continuing education of all professional staff beyond what is required by state licensing regulation. Maintenance of premises and equipment.

2. Patient Rapport 10% 10%

Length of service and reputation in community. Established policies and procedures for patient services. Cooperation with the Company claims management and resolution procedures.

3. Record Keeping 10%

A well-maintained patient record system in place: thorough documentation of patient care and interaction; follow up system for diagnostic studies, consultation and

MATERIAL STRIKETHROUGH IS AMENDED OR DELETED

4. Ri	isk Management	OK DELETE
		10% 10%
	D	1070 10%

- a. Documented successful completion of an approved office risk analysis/communication skills assessment/risk management on site visit and/or education program, including an appropriate response to recommendations made.
- b. Documented attendance at an approved risk management seminar, or successful completion of an approved risk management correspondence course.

XI. CONSENT TO RATE

- A. A physician or surgeon may be an acceptable professional liability insurance risk only at rates higher than otherwise available through this manual.
- B. In the event that a higher rate is warranted based on the claims history or other circumstances, an individual rate filing signed by the insured or the applicant is filed as bureau.

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Health Care Providers Professional Liability Insurance

X. **MERIT-RATING**

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed a specified percentage. Please refer to rates, state rule exception pages for

A. Claim-free Credit

- 1. The Company will allow a credit to those applicants and insureds who have maintained a practice without substantial change for at least the immediately prior three years and who have incurred no claims for the immediately prior three or more years. This credit is in addition to any scheduled credit or debit.
- 2. The time frame for any claim is based on the date the claim is reported.
- 3. This credit does not apply to part-time physicians.
- 4. Credit schedule See state exception manual pages for the applicable credit

B. Schedule Rating Plan

Based upon the Underwriters overall evaluation, an exposure may justify a modification (credit/debit) to the otherwise applicable premium based on one or more of the following individual risk characteristics. Please note: these are guidelines and are not intended to be a comprehensive list of every consideration.

Please refer to rates, state rule exception pages for details regarding maximum credits/debits.

Schedule of Individual Risk Characteristics:

1.	Professional Skills, Vocas 6
2.	Professional Skills, Years of experience in the practice of medicine Board Certification
	- Continuation
3.	Longevity with American Physicians
4.	Established policies and procedures
5.	Cooperation with claims management
6.	Risk Management Practices (including but a 11 in including but a 1
	Risk Management Practices (including but not limited to the following:) a) Communication Skills Assessment (CSA)
	1) Recommended 2) Underwite Di
	1) Recommended 2) Underwriter Discretion 3) Not Recommended b) On-Site Risk Management Assessment
ļ	
7.	1) Excellent 2) Above Average 3) Average 4) Below Average Number and type of nations are a second for the seco
	1 Wild type of patient exposures/proofice bear
8.	Continuing Medical Education/Adequate training
9.	Training accreditation and distributions
	Training, accreditation, credentialing, privileges, professional society
	membership, and hospital affiliations

STATE EXCEPTION MANUAL PAGES

Changes and Final Print Copy

as submitted on 12/20/05

Health Care Providers Professional Liability Insurance

Material strikethrough is amended or deleted

Illinois

J. Corporate Entity Coverage

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, subitem 3. is replaced with the following:

3. 15% of the sum of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge.

K. Part-Time Rule

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

X. Merit Rating

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed 100%. The total maximum combined credit/debit that may be applied under the Claims-Free Credit Rule and the Schedule Rating Plan is 35%.

A. Claim-Free Credit

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

1. Credit Schedule:

Years of Claims-Free <u>Experience</u>	Credit
Three to Five Years	5%
Six to Seven Years	10%
Eight or More Years	15%

B. Schedule Rating Plan

See countrywide manual Section X. Merit Rating, Rule B. for the underwriting criteria. The maximum allowable credit/debit for the Schedule Rating Plan is $\pm 25\%$.

HCP-PL IL - 8 Effective: April 1, 2005

Health Care Providers Professional Liability Insurance

Illinois

MATERIAL HIGHLIGHTED IS AMENDED OR NEW

J. Corporate Entity Coverage

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, subitem 3. is replaced with the following:

3. 15% of the sum of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge.

K. Part-Time Rule

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

X. Merit Rating

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed 135%. The total maximum combined credit/debit that may be applied under the Claims-Free Credit Rule and the Schedule Rating Plan is +50%/-35%.

A. Claim-Free Credit

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

1. Credit Schedule:

Years of Claims-Free <u>Experience</u>	Credit
Three to Five Years	5%
Six to Seven Years	10%
Eight or More Years	15%

B. Schedule Rating Plan

See countrywide manual Section X. Merit Rating, Rule B. for the underwriting criteria. The maximum allowable credit/debit for the Schedule Rating Plan is $\pm 35\%$.

HCP-PL IL - 8 Effective: January 1, 2006

Health Care Providers Professional Liability Insurance

Illinois

MATERIAL HIGHLIGHTED IS AMENDED OR NEW

XI. Quarterly Installment Option

American Physicians offers a quarterly payment plan.

XII. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XIII. Risk Management Activities Discounts

See countrywide manual Section X. MERIT RATING, Rule B. Schedule Rating Plan, for the Underwriting Criteria.

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Effective: January 1, 2006

Health Care Providers Professional Liability Insurance

Illinois

J. Corporate Entity Coverage

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, subitem 3. is replaced with the following:

- 4

3. 15% of the sum of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge.

K. Part-Time Rule

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

X. Merit Rating

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed $\underline{135\%}$. The total maximum combined credit/debit that may be applied under the Claims-Free Credit Rule and the Schedule Rating Plan is $\underline{+50\%}/-35\%$.

A. Claim-Free Credit

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

1. Credit Schedule:

Years of Claims-Free <u>Experience</u>	Credit
Three to Five Years	5%
Six to Seven Years	10%
Eight or More Years	15%

B. Schedule Rating Plan

See countrywide manual Section X. Merit Rating, Rule B. for the underwriting criteria. The maximum allowable credit/debit for the Schedule Rating Plan is $\pm 35\%$.

Health Care Providers Professional Liability Insurance

Illinois

XI. Quarterly Installment Option

American Physicians offers a quarterly payment plan.

XII. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XIII. Risk Management Activities Discounts

See countrywide manual Section X. MERIT RATING, Rule B. Schedule Rating Plan, for the Underwriting Criteria.

HCP-PL

IL - 9

Effective: January 1, 2006

Neuman, Gayle

From:

Edgington, Patty [pedgington@apassurance.com]

Sent:

Tuesday, May 23, 2006 7:48 AM

To:

Neuman, Gayle

Subject: RE: Health Care Providers - Rate/Rule Filing IL-05-11

Ms. Neuman,

The exception pages have been updated, specifically page IL-10 to delete the reference to the minimum premiums on the installment options.

Patty Edgington, AU Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:GNeuman@idfpr.com]

Sent: Monday, May 22, 2006 2:11 PM

To: Edgington, Patty

Subject: Health Care Providers - Rate/Rule Filing IL-05-11

Ms. Edgington,

In regard to the installment payment plan, we require the minimum annual premium limitation for such be removed. The language in the law states the installment payment plan shall be offered to every medical liability insured. There was no premium threshold included in the law to allow a minimum premium limitation. Therefore, please submit an updated manual page with such change.

Additionally, there is current legislation pending in regard to the installment payment plan. Upon such legislation being finalized, we will advise you if the manual would require additional information or changes.

Your prompt attention is appreciated.

Gayle Neuman

Property & Casualty Compliance Unit, Division of Insurance Illinois Department of Financial & Professional Regulation (217) 524-6497

Please refer to the Property and Casualty Review Requirement Checklists before submitting a paper filing or an electronic filing (SERFF). The checklists can be accessed through our website at http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm.

THIS MESSAGE IS INTENDED FOR THE SOLE USE OF THE ADDRESSEE AND MAY BE CONFIDENTIAL, PRIVILEGED AND EXEMPT FROM DISCLOSURE UNDER APPLICABLE LAWS. IF YOU RECEIVE THIS MESSAGE IN ERROR, PLEASE DESTROY IT AND NOTIFY US BY SENDING AN E-MAIL TO: gayle_neuman@ins.state.il.us

Neuman, Gayle

From: Edgington, Patty [pedgington@apassurance.com]

Sent: Tuesday, May 23, 2006 7:48 AM

To: Neuman, Gayle

Subject: RE: Health Care Providers - Rate/Rule Filing IL-05-11

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1-600-748-0403, Ext. 6 Direct: 517-324-6849 Fax: 517-333-8232

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XII. RATES, STATE RULES EXCEPTIONS--Illinois

A. Illinois Rating Territories

Territory Code	Territory Description	Territory Factor	
1	Cook, Madison and St. Clair Counties	1.000	
2	Jackson, Vermilion and Will Counties	0.820	
3	DuPage, Kane, Lake, McHenry and Winnebago Counties	0.770	
4	Champaign, Macon and Sangamon Counties	0.610	
5	Bureau, Coles, DeKalb, Kankakee, LaSalle, Ogle and Randolph Counties	0.660	
6	Remainder of State	0.500	

B. Mature Claims-Made Rates

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
229		Addictionology	24,456	20,054	18,831	14,918	16 141	12 220
230		Aerospace Medicine	34,936	28,647	26,901	21,311	16,141	12,228
254		Allergy	25,014	20,511	19,261	•	23,058	17,468
151		Anesthesiology	48,658	39,900	•	15,258	16,509	12,507
196		Anesthesiology – Pain Management	48,658	39,900	37,467 37,467	29,681 29,681	32,114 32,114	24,329 24,329
255		Cardiovascular Disease - No Surgery	37,941	31,112	29,215	23,144	25,041	18,971
281		Cardiovascular Disease - Minor Surgery	79,058	64,828	60,875	48,225	52,178	39,529
256		Dermatology	25,271	20,722	19,459	15,415	16,679	12,635
282		Dermatology - Minor Surgery	45,581	37,377	35,098	27,805	30,084	22,791
237		Diabetes - No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
271		Diabetes - Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
102	S	Emergency Medicine – No Major Surgery	112,092	91,915	86,311	68,376	73,981	56,046
238		Endocrinology - No Surgery	36,882	30,243	28,399	22,498	24,342	10 441
272		Endocrinology - Minor Surgery	54,504	44,693	41,968	33,247	35,973	18,441
		<i>5</i>	0 .,00 ,	11,000	71,700	33,247	33,973	27,252
420		Family/General Practitioners - No Surgery	43,575	35,732	33,553	26,581	28,760	21,788
421		Family/General Practitioners – Minor Surgery	65,127	53,404	50,148	39,728	42,984	32,564

Illinois

American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

Specialty Code	ILFs Alpha	Specialty Description	Terr. 1	Terr. 2	2 Terr. 3	B Terr. 4	ı m	
521	Code				1011.	terr. 4	Terr. 5	Terr. 6
521		Family/General Practitioners – Minor Surgery – 0 to 24 deliveries	66,159	54,250	50,942	2 40,357	43,665	33,080
240		Forensic or Legal Medicine	24,456	5 20,054	18,831	14,918	16,141	12,228
241		Gastroenterology - No Surgery	55,458	45,475	42,703	22.020	24.40	_
274		Gastroenterology - Minor Surgery	59,141	,	,,	, ,	.,	,
231		General Preventive Medicine – No Surgery	22,971	,	, ,	,		, ,
243		Geriatrics – No Surgery	36,882	30,243	28,399	22.400	2.4.2	
276		Geriatrics - Minor Surgery	54,504	,	. ,	,	24,342	- ,
244		Gynecology - No Surgery	32,489		41,968		35,973	27,252
277		Gynecology - Minor Surgery	52,092	,	25,017	19,818	21,443	16,245
•		- ,	32,032	42,710	40,111	31,776	34,381	26,046
245		Hematology - No Surgery	38,429	31,512	29,590	22.442	25.255	
278		Hematology – Minor Surgery	54,504	44,693	41,968	23,442	25,363	19,214
283		Hospitalist/Intensive Care Medicine	54,504	44,693	41,968	33,247	35,973	27,252
232		Hypnosis	21,657	17,759	16,676	33,247	35,973	27,252
246			,	11,137	10,070	13,211	14,294	10,829
246		Infectious Diseases - No Surgery	69,170	56,719	53,261	42 104	45 650	
279		Infectious Diseases – Minor Surgery	109,028	89,403	83,952	42,194	45,652	34,585
283		Intensive Care Medicine/Hospitalist	54,504	44,693	41,968	66,507	71,959	54,514
257		Internal medicine – No Surgery	65,887	54,027	50,733	33,247	35,973	27,252
284		Internal medicine - Minor Surgery	85,779	70,339	66,050	40,191 52,325	43,486	32,944
250			,,,,,	, 0,555	00,030	32,323	56,614	42,890
258		Laryngology - No Surgery	37,879	31,061	29,167	23,106	25.000	10.000
285		Laryngology - Minor Surgery	55,978	45,902	43,103	34,147	25,000 36,946	18,939 27,989
801		Manipulative Medicine	25,158	20,630	19,372	15,346	16,604	12,579
471		Neonatology - No Surgery	92 940	60 7 76				
476		Neonatology – Minor Surgery	83,849 104,813	68,756	64,564	51,148	55,340	41,925
259		Neoplastic Diseases - No Surgery	44,260	85,947	80,706	63,936	69,177	52,407
260		Nephrology – No Surgery	36,922	36,293	34,080	26,999	29,212	22,130
287		Nephrology – Minor Surgery	54,564	30,276	28,430	22,522	24,368	18,461
261		Neurology - No Surgery	52,460	44,743	42,014	33,284	36,012	27,282
288		Neurology – Minor Surgery	62,284	43,017	40,394	32,001	34,624	26,230
262	•	Nuclear Medicine	36,882	51,073	47,959	37,993	41,107	31,142
248		Nutrition	21,657	30,243	28,399	22,498	24,342	18,441
			21,037	17,759	16,676	13,211	14,294	10,829
233	(Occupational Medicine	29,112	23,872	22,416	17 750	10.01.	
473	(Oncology – No Surgery	44,260	36,293		17,758	19,214	14,556
286	(Oncology - Minor Surgery	54,504	44,693	34,080	26,999	29,212	22,130
263	(Ophthalmology - No Surgery	30,767	25,229	41,968	33,247	35,973	27,252
289	(Ophthalmology - Minor Surgery	33,435	27,417	23,691	18,768	20,306	15,384
264	(Otology – No Surgery	39,773	32,614	25,745	20,395	22,067	16,718
290	C	Otology – Minor Surgery	55,978		30,625	24,262	26,250	19,887
265	C	Otorhinolaryngology – No Surgery	24,422		43,103		36,946	27,989
291	C	torhinolaryngology - Minor Surgery	50,804		18,805 39,119		16,119 33,531	12,211 25,402

HCP-PL

Specialty Code	ILFs Alph Code	a Specialty Description	Terr. 1	l Terr. 2	Page 2 Terr. 3	Terr. 4	Terr. 5	Terr. 6
266	0040	Pathology – No Surgery	30,39	8 24,926	5 23,406	18,543	20.062	16.100
292		Pathology – Minor Surgery	53,13	,	,	,	,	,
267		Pediatrics – No Surgery	41,860	,	•	,	•	
293		Pediatrics – Minor Surgery	62,30	- ,	,	,	,	20,930
234		Pharmacology	34,936	,	,		,	31,154
235		Physiatry or Physical Medicine and	25,158			,	23,058	17,468
		Rehabilitation	23,130	20,030	19,372	15,346	16,604	12,579
437		Physicians – No Major Surgery – acupuncture	54,504	44,693	41,968	33,247	35,973	27,252
802		Physicians – No Major Surgery – Sclerotherapy	59,398	48,706	45,736	36,233	39,203	29,699
431		Physicians - No Major Surgery - shock therapy	59,398	48,706	45,736	36,233	39,203	29,699
268		Physicians – not otherwise classified – no surgery	34,936	28,647	26,901	21,311	23,058	17,468
294		Physicians – not other classified – minor surgery	54,504	44,693	41,968	33,247	35,973	27,252
249		Psychiatry	22,691	18,606	17,472	13,841	14,976	11,345
250		Psychoanalysis	21,205		16,328	12,935	13,995	10,602
251		Psychosomatic Medicine	17,119	14,037	13,182	10,443	11,298	8,559
236		Public Health	24,456	20,054	18,831	14,918	16,141	12,228
269		Pulmonary Diseases - No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
298		Pulmonary Diseases - Minor Surgery	62,890	51,570	48,425	38,363	41,507	31,445
253	S	Radiology - diagnostic - No Surgery	55,292	45,339	42,575	33,728	36,493	27 646
280	S	Radiology – diagnostic – Minor Surgery	84,134	68,990	64,783	51,322	55,529	27,646 42,067
425	S	Radiology - Therapeutic	62,502	51,251	48,126	38,126	41,251	31,251
252		Rheumatology - No Surgery	36,882	30,243	28,399	22,498	24,342	18,441
247		Rhinology - No Surgery	37,879	31,061	29,167	23,106	25,000	18,939
270		Rhinology – Minor Surgery	55,978	45,902	43,103	34,147	36,946	27,989
166	S	Surgery – Abdominal	136,111	111,611	104,805	83,028	89,833	68,055
101	S	Surgery - Broncho-esophagology	81,665	66,965	62,882	49,816	53,899	40,833
141	H	Surgery - Cardiac	194,808	159,743	150,002	118,833	128,573	97,404
150	Н	Surgery - Cardiovascular Disease	178,035	145,989	137,087	108,601	117,503	89,017
115	S	Surgery – Colon and Rectal	107,649	88,272	82,890	65,666	71,048	53,824
472	S	Surgery – Dermatology	76,979	63,123	59,274	46,957	50,806	38,490
157	S	Surgery - Emergency Medicine	127,484	104,537	98,163	77,765	84,139	63,742
103	S	Surgery - Endocrinology	76,507	62,736	58,910	46,669	50,494	38,253
117	S	Surgery - Family/General Practice	94,795	77,732	72,992	57,825	62,565	47,397
104	S	Surgery - Gastroenterology	80,793	66,250	62,210	49,284	53,323	40,396
143	S	Surgery – General – not otherwise classified	126,390	103,640	97,320	77,098	83,418	63,195
105	S	Surgery – Geriatrics	82,687	67,803	63,669	50,439	54,573	41,344
167	H	Surgery – Gynecology	104,831	85,961	80,720	63,947	69,188	52,415
169	S	Surgery – Hand	111,148	91,141	85,584	67,800	73,358	55,574
170	S	Surgery – Head and Neck	136,952	112,301	105,453	83,541	90,388	68,476
106	S	Surgery – Laryngology	72,480	59,434	55,810	44,213	47,837	36,240
474	H	Surgery - Neonatology or Pediatrics	136,111	111,611	104,805	83,028	89,833	68,055

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
107	S	Surgery - Neoplastic	71,456	58,594	55,021	43,588	47,161	35,728
108	S	Surgery - Nephrology	71,456	58,594	55,021	43,588	47,161	35,728
152	H	Surgery – Neurology	297,109	243,630	228,774	181,237	196,092	148,555
168	Н	Surgery – Obstetrics	188,441	154,522	145,100	114,949	124,371	94,220
153	H	Surgery - Obstetrics - Gynecology	188,441	154,522	145,100	114,949	124,371	94,220
560	Н	Surgery – Obstetrics – Gynecology – 0 to 49 deliveries	150,762	123,625	116,087	91,965	99,503	75,381
561	H	50 to 69 deliveries	155,464	127,480	119,707	94,833	102,606	77,732
562	H	70 to 89 deliveries	160,174	131,343	123,334	97,706	105,715	80,087
563	H	90 to 109 deliveries	169,598	139,070	130,590	103,455	111,935	84,799
564	Н	110 to 129 deliveries	179,023	146,799	137,848	109,204	118,155	89,512
565	H	130 to 149 deliveries	188,441	154,522	145,100	114,949	124,371	94,220
566	H	150 to 169 deliveries	207,286	169,974	159,610	126,444	136,809	103,643
567	H	170 to 189 deliveries	226,131	185,428	174,121	137,940	149,247	113,066
568	Н	190 to 209 deliveries	244,973	200,878	188,629	149,434	161,682	122,486
569	H	210 to 229 deliveries	263,820	216,332	203,141	160,930	174,121	131,910
570	H	230 to 249 deliveries	282,661	231,782	217,649	172,423	186,556	141,331
571	Н	250 to 269 deliveries	301,506	247,235	232,160	183,919	198,994	150,753
572	H	270 to 289 deliveries	320,353	262,689	246,672	195,415	211,433	160,176
573	H	290 to more deliveries	339,194	278,139	261,179	206,908	223,868	169,597
114	S	Surgery - Ophthalmology	59,240	48,577	45,615	36,137	39,099	29,620
804	S	Surgery - Ophthalmology - Plastic	86,767	71,149	66,811	52,928	57,266	43,383
154	H	Surgery – Orthopedic	195,736	160,503	150,717	119,399	129,186	97,868
164	Н	Surgery – Orthopedic – without procedures on the back	144,231	118,269	111,058	87,981	95,193	72,116
158	S	Surgery – Otology	81,665	66,965	62,882	49,816	53,899	40,833
159	S	Surgery – Otorhinolaryngology	74,735	61,283	57,546	45,588	49,325	37,368
156	Н	Surgery – Plastic – not otherwise classified	123,516	101,283	95,107	75,345	81,521	61,758
155	S	Surgery – Otorhinolaryngology	116,965	95,911	90,063	71,349	77,197	58,482
160	S	Surgery - Rhinology	81,665	66,965	62,882	49,816	53,899	40,833
144	H	Surgery - Thoracic	188,648	154,691	145,259	115,075	124,508	94,324
171	H	Surgery – Traumatic	178,035	145,989	137,087	108,601	117,503	89,017
145	S	Surgery – Urological	87,182	71,489	67,130	53,181	57,540	43,591
146	Н	Surgery – Vascular	185,155	151,827	142,569	112,945	122,202	92,577
424		Urgent Care Medicine	39,468	32,364	30,390	24,076	26,049	19,734

Note: When \$2,000,000/\$4,000,000 Increased Limits Factor (ILF) is requested for a specialty code that displays an alpha code, either **S** or **H**, use the corresponding ILF factor as displayed in Rule E.

Health Care Providers Professional Liability Insurance

C. Mature Claims-Made Rates - Dentists

Specialty Code	ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
212		Dental Surgeons – Oral or Maxillofacial – Engaged in oral surgery or operative dentistry on patients rendered unconscious through the administering of any anesthesia or analgesia	48,163	39,494	37,086	29,379	31,788	24,082
210		Dentists - Minor Surgery	24,083	19,748	18,544	14,690	15,895	12,041
211		Dentists – No Surgery - not otherwise classified	9,633	7,899	7,418	5,876	6,358	4,817

D. Mature Claims-Made Rates - Healthcare Facilities

1. Emergency Room Groups*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
S	Emergency Room Groups ("Per 100 patient visits" basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the "per patient visit" premium.	2,496	2,047	1,922	1,523	1,647	1,248

2. Urgent Care Groups*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
	Urgent Care Groups ("Per 100 patient visits" basis). Separate limits per member physician/healthcare professional may be purchased for an additional 20% charge of the "per patient visit" premium.	708	581	545	432	467	354

3. Outpatient Surgery Centers*

ILFs Alpha Code	Specialty Description	Terr. 1	Terr. 2	Terr. 3	Terr. 4	Terr. 5	Terr. 6
S	Outpatient Surgery Centers (Surgicenters) ("Per 100 patient	3,539	2,902	2,725	2,159	2,336	1,770

HCP-PL IL - 5 Effective: April 1. 2005

Illinois

visits" basis). All physicians must be separately insured by American Physicians in order to provide coverage for the outpatient surgery center.

*Note: Minimum premium for each Facility Policy in Section D., Item 1, 2, 3 is \$2,500.

E. Higher limits of liability may be purchased at premiums derived by applying the following factors to the \$1,000,000/\$3,000,000 rates:

Higher Limits of Liability	All Other Physicians and Dentists	Emergency Medicine, Radiologists, All Other Surgery (S)	Selected Surgical Specialties (H)
\$2,000,000/\$4,000,000	1.344	1.418	1.460
Fo	r higher Limits o	f Liability – Refer to Compan	

For nigher Limits of Liability – Refer to Company

F. Limits that are less than these \$1,000,000/\$3,000,000 may be purchased at premiums derived from applying the following decreased limit factors to the \$1,000,000/\$3,000,000 rates (not including any credit applied for a deductible):

	All Physicians, Surgeons,
Limits of Liability	and Dentists
\$100,000/\$300,000	0.480
\$200/000/\$600,000	0.620
\$250,000/\$750,000	0.665
\$300,000/\$900,000	0.700
\$500,000/\$1,500,000	0.790
\$750,000/\$2,250,000	0.920
\$1,000,000/\$1,000/000	0.980
\$1,000,000/\$3,000,000	1.000

American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

G. Claims-Made Maturity Factors

Note: If the retroactive date falls on a date other than the anniversary date, a factor will be used that is pro-rating the two applicable maturity factors. These factors are applied to the mature claims-made base rates.

First Year	0.25
Second Year	0.40
Third Year	0.75
Fourth Year	0.90
Fifth Year	0.95
Sixth Year	0.98
Mature	1.00

H. Reporting Period Extension Factors

Claims-made reporting period extension(s) ("tail" coverage) are offered (unless coverage is automatically provided within the terms of the policy) to any insured whose coverage is terminated for any reason.

- 1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor displayed below to the expiring premium.
- 2. Alternatively, three extensions may be purchased as of the policy termination and the next two anniversaries of that termination. Separate limits apply for each of the three extensions. The final extension is an unlimited extension. Premiums for each extension are 33.3% of the rate applicable to the single unlimited extension (1.).
- I. Factors are applied to the claims-made rate applicable to the expiring policy at the time the extended reporting endorsement is offered.

First Year	4.00
Second Year	3.88
Third Year	2.40
Fourth Year	2.11
Fifth Year	2.05
Sixth Year	2.01
Mature	1.97

Illinois

American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

J. Corporate Entity Coverage

Under Countrywide Corporate Entity Coverage Rule, Item B. Organization Coverage Charge – Separate Limits, subitem 3. is replaced with the following:

3. 15% of the sum of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge.

K. Part-Time Rule

Under Countrywide Rule VI. Special Rating Rules, Item A. Part Time is replaced with the following:

A. Part Time: 60% of the otherwise applicable rate applies to physicians (see eligibility requirements under General Rules) with American Physicians insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the American Physicians policy. Other credits may be reduced due to lower premiums with this rating.

XIII. Merit Rating

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed 135%. The total maximum combined credit/debit that may be applied under the Claims-Free Credit Rule and the Schedule Rating Plan is +50%/-35%.

A. Claim-Free Credit

See countrywide manual Section X. Merit Rating, Rule A. for the underwriting criteria. Below is the Claim-Free Credit Schedule for use in Illinois:

1. Credit Schedule:

Years of Claims-Free		
Experience	Credit	
Three to Five Years	5%	
Six to Seven Years	10%	
Eight or More Years	15%	

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American Physicians Assurance Corporation Health Care Providers Professional Liability Insurance

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B. Schedule Rating Plan

The premium may be credited or debited based on the total of credits and debits derived from the following "risk characteristics" schedule. The maximum allowable $\frac{\text{credit/debit}}{\text{debit}}$ for the Schedule Rating Plan is $\pm 35\%$

	•	Max	imum
		Credit	<u>Debit</u>
1.	Professional Skills, Quality of Care	10%	10%
	Use of a recognized system of clinical guidelines. Relaboard certification. Accreditation status by a recognegulatory body. The provision of medical care limited qualified individuals. Continuing education of all profess staff beyond what is required by state licensing regular Maintenance of premises and equipment.	nized ed to ional	
2.	Patient Rapport	10%	10%
	Length of service and reputation in community. Estable policies and procedures for patient services. Cooperation the Company claims management and resolution procedures	with	
3.	Record Keeping	10%	10%
	A well-maintained patient record system in place: thor documentation of patient care and interaction; follo system for diagnostic studies, consultation and appointment	w-up	
4.	Risk Characteristics	5%	5%
	a. Documented successful completion of an approved of risk analysis/communication skills assessment management on-site visit and/or education programmed including an appropriate response to recommendate made.	t/risk gram,	
	b. Documented attendance at an approved risk manage seminar, or successful completion of an approved		

management correspondence course.

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Effective: January 1, 2006

Health Care Providers Professional Liability Insurance

XIV. Installment Options

American Physicians offers the following: (does not apply to Claims-Made Reporting Period Extensions ("tail coverage").

4-pay (quarterly)	25% down payment	3 equal installments (Due 4 th , 7 th , and 10 th months).	\$1,000 Minimum
			Annual
			Premium
9-pay	15% down payment	8 equal installments	\$5,000
(monthly)		(Due 2 nd , 3 rd , 4 th , 5 th , 6 th , 7 th , 8 th , and 9 th	Minimum
		months).	Annual
			Premium

^{*} A \$10 service charge will be applied to all payment plans/per installment.

XV. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9 for the Underwriting Criteria.

XVII. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.

Effective: January 1, 2006

From:

Edgington, Patty [pedgington@apassurance.com]

Sent:

Wednesday, August 16, 2006 4:27 PM

To:

Neuman, Gayle

Subject:

RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Attachments: IL State Exception UW Manual - Updated per DOI 8-15-06.doc

Ms. Neuman,

Thank you for the update. I have updated our manual pages, specifically page IL-10 (see attached) to revise the rule title, clarify the installment charges and clarify that there will be no interest charged. All of the other listed standards are being met (and actually exceed the state requirements) in this rule section with one partial exception.

The one item is the billing of additional endorsement premium on an installment plan that may be generated in the middle of a policy term. Our current computer system will do this upon request but does require manual intervention and the creation of multiple invoices, one for the initial renewal/new business policy premium and one for the endorsement for each policyholder. We have found that this often confuses the policyholder and that they often prefer to pay the endorsement premium on its own to avoid two separate invoices. Our customer service center and underwriting areas explain these issues in detail to our policyholders and agents as the need arises.

We are in the process of contracting for implementation of a new computer system so changes will be implemented in the next 18 – 24 months so one invoice will be automatically generated for all situations when an installment plan is applicable. I trust this will be satisfactory but please call if you can not approve this filing and we can discuss in more detail.

As noted on the e-mail sent yesterday afternoon to Julie Anderson, Assistant Casualty Actuary and cc'd to you, I am in the process of getting the actuarial certification form to your department. It was an oversight that it was not sent with the initial filing and our chief actuary is on vacation until next Monday. Thank you for your consideration in this matter. Have a nice evening!

Patty Edgington, AU Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849 Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Tuesday, August 15, 2006 10:32 AM

To: Edgington, Patty

Subject: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

As you know, the new Medical Professional Liability law in Illinois, PA94-677 (Senate Bill 475), requires insurers to implement a quarterly premium payment installment plan as prescribed by the Secretary of the Illinois Department of Financial and Professional Regulation (IDFPR).

This email is to advise you of the requirements being prescribed by the Secretary and by the Director of the Division of Insurance regarding the quarterly premium payment installment plan you are required to offer to your insureds. In reviewing the filing referenced above, we note that your quarterly installment plan does not meet and/or address some or all of the following prescribed requirements.

Please amend your rate/rule manual's quarterly installment plan provisions to comply with all of the following prescribed requirements and send me your updated manual pages no later than August 22, 2006.

Quarterly Premium Payment Installment Plan Prescribed Requirements

All companies writing medical liability insurance shall file with the Secretary or Director a plan to offer each medical liability insured the option to make premium payments, in at least quarterly installments. There are no provisions allowed to exclude certain medical liability insureds because of a poor payment history. For purposes of this requirement, insurers may, but are not required to, offer such premium installment plans to insureds whose annual premiums are less than \$500, or for premium for any extension of a reporting period. Quarterly installment premium payment plans subject to this Section shall be included in the initial offer of the policy, or in the first policy renewal occurring after January 1, 2006. Thereafter, the insurer may, but need not re-offer such payment plan, but if an insured requests such payment plan at a later date, the insurer must make it available. All quarterly installment premium payment plan provisions shall be contained in the filed rate and/or rule manual in a section entitled, "Quarterly Installment Option" or a substantially similar title. If the company uses a substantially similar title, the Rule Submission Letter must indicate the name of the section that complies with this requirement. All quarterly installment premium payment plans shall include the minimum standards listed below. Insurers may provide for quarterly installment premium payment plans that differ from these minimum standards, as long as such plans have terms that are at least as or more favorable than those listed below.

- i) An initial payment of no more than 40% of the estimated total premium due at policy inception;
- ii) The remaining premium spread equally among the second, third, and fourth installments, with the maximum for such installments set at 30% of the estimated total premium, and due 3, 6, and 9 months from policy inception, respectively;
- iii) No interest charges;
- iv) Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less;
- v) A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Additionally, please confirm if the company implemented these changes as of January 1, 2006? If not, is the company planning to implement the changes as of the date the review of the filing is completed?

Your immediate attention is requested.

Gayle Neuman Property & Casualty Compliance, Division of Insurance Illinois Department of Financial & Professional Regulation (217) 524-6497

CONFIDENTIALITY STATEMENT

From: Neuman, Gayle

Sent: Thursday, August 17, 2006 10:32 AM

To: 'Edgington, Patty'

Subject: FW: Health Care Providers - Rate/Rule Filing #IL-05-11

Correction made.

From: Neuman, Gayle

Sent: Thursday, August 17, 2006 10:30 AM

To: 'Edgington, Patty'

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We have reviewed your August 16, 2006 e-mail response. Thank you again for your always prompt attention.

We request APAC have the insured sign off on **not** wanting a premium installment payment plan for any additional premium that may be generated during the policy period. However, if an insured wants such premium installment payment plan, APAC will have to provide it and therefore manually enter it into the billing system.

We request an e-mail confirmation that the above procedure will be utilized, and then we will be officially "filing" this submission. Thank you for your cooperation.

Gayle Neuman
Property & Casualty Compliance, Division of Insurance
Illinois Department of Financial & Professional Regulation

(217) 524-6497

From: Edgington, Patty [pedgington@apassurance.com]

Sent: Friday, August 18, 2006 8:31 AM

To: Neuman, Gayle

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman:

I have reviewed your request with our Vice President of Underwriting. We are concerned about the impact of these proposed new procedures and need a few days to analyze the impact it will have in all departments before we can confirm we can honor the request. I will keep you updated.

Patty Edgington, AU Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Thursday, August 17, 2006 11:30 AM

To: Edgington, Patty

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We have reviewed your August 16, 2006 e-mail response. Thank you again for your always prompt attention.

We request APAC have the insured sign off on **not** wanting a premium installment payment plan for any additional premium that may be generated during the policy period. However, if an insured wants such premium installment payment plan, APAC will have to provide it and therefore manually into it into the billing system.

We request an e-mail confirmation that the above procedure will be utilized, and then we will be officially "filing" this submission. Thank you for your cooperation.

Gayle Neuman Property & Casualty Compliance, Division of Insurance Illinois Department of Financial & Professional Regulation (217) 524-6497

CONFIDENTIALITY STATEMENT

this communication in error, please immediately contact me and delete this communication from your computer. Thank you.

From:

Edgington, Patty [pedgington@apassurance.com]

Sent:

Monday, August 21, 2006 2:29 PM

To:

Anderson, Julie

Cc:

Neuman, Gayle

Subject:

FW: APAC Filing #IL-05-11 for Healthcare Providers Professional Liability Program

Attachments: IL Cert Rates.pdf

Ms. Anderson,

Attached you will find the signed copy of the actuarial certification form for the above filing. I have scanned the document so you could receive quickly. Please advise if you will also need the original. Thank you for your assistance.

Patty Edgington, AU Compliance Manager

American Physicians Assurance Corporation

1-800-748-0465, Ext. 6849 Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Edgington, Patty

Sent: Tuesday, August 15, 2006 2:41 PM

To: 'Anderson, Julie'
Cc: 'Neuman, Gayle'

Subject: RE: APAC Filing #IL-05-11 for Healthcare Providers Professional Liability Program

Hello Ms. Anderson.

I reviewed our submission and I apologize for the oversight for the above "rule" filing. It appears we were under the impression only "rate" filings required the actuarial certification. Kevin Dyke (our VP actuary) is on vacation until Monday, August 21st. Would it be possible to keep this filing moving forward with the one certification signature of our President and CEO, R. Kevin Clinton? I can get Kevin Dyke's signature upon his return next Monday. If you need both signatures, I will hold the document until next Monday. Please advise and thank you for your assistance.

Patty Edgington, AU
Compliance Manager
American Physicians Assurance Corporation
1-800-748-0465, Ext. 6849
Direct: 517-324-6849
Fax: 517-333-8232

email: pedgington@apassurance.com

From: Anderson, Julie [mailto:Julie.A.Anderson2@illinois.gov]

Sent: Tuesday, August 15, 2006 12:07 PM

To: Edgington, Patty **Cc:** Neuman, Gayle

Subject: APAC Filing #IL-05-11 for Healthcare Providers Professional Liability Program

Hello, Ms. Edgington,

I am Julie Anderson and I am an actuary with the Illinois Division of Insurance. I received a message that Ms. Chorley is no longer with APAC and to refer compliance issues to you.

I have reviewed the above mentioned rate filing from an actuarial perspective and have no actuarial questions for

APAC at this time. However, your rate filing did not include an actuarial certification and it has been determined that we need an actuarial certification to be included in all rate filings. In order to keep this filing moving forward, please provide us with one as soon as possible. I have attached a sample certification for you to use if you wish.

Thank you.

Julie Anderson
Assistant Casualty Actuary
IL Dept of Financial and Professional Regulation
Division of Insurance
Phone: 217-524-5421

Fax: 217-524-2271

Please note that my e-mail address has changed to: <u>Julie.A.Anderson2@illinois.gov</u>

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From: Neuman, Gayle

Sent: Tuesday, August 15, 2006 9:15 AM

To: Anderson, Julie **Subject:** certification

ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, (Name of officer typed or printed), a duly authorized officer of
(Name of Insurer typed or printed) , am authorized to certify on behalf of the
Company making this filing that the company's rates are based on sound actuarial principles and are not
nconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and
bulletins applicable to the policy rates that are the subject of this filing.
I, (Name of actuary typed or printed), a duly authorized actuary of
Company) making this filing that the company's rates are based on sound actuarial principles and are not
nconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.
Signature and Title of Authorized Insurance Company Officer Date
Signature and Title of Authorized Insurance Company Officer Date

Signature, Title and Designation of	Authorized Actuary		Date
Insurance Company FEIN	Filing Nur	mber	
Insurer's Address		***************************************	
City			
Contact Person's: -Name and E-mail			
-Direct Telephone and Fax Number			
CONFIDENTIALITY STAT			
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addressee identified above. If you are not the intended recipient, any use, disclosure, copying or distribution of this communication is **UNAUTHORIZED**. Neither this information block, the typed name of the sender, nor anything else in this message is intended to constitute an electronic signature unless a specific statement to the contrary is included in this message. If you have received this communication in error, please immediately contact me and delete

this communication from your computer. Thank you.

From: Edgington, Patty [pedgington@apassurance.com]

Sent: Thursday, September 14, 2006 7:14 AM

To: Neuman, Gayle

Subject: Illinois Filing #05-11

Ms. Neuman,

I wanted to let you know I have been in contact with our senior management staff and want to assure you we are working diligently on the item related to the above pending filing. I hope to be able to provide a formal update in the next week. Thank you for your patience in this matter.

Patty Edgington, AU
Compliance Manager
American Physicians Assurance Corporation
1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

CONFIDENTIALITY STATEMENT

From: Edgington, Patty [pedgington@apassurance.com]

Sent: Friday, September 29, 2006 3:03 PM

To: Neuman, Gayle

Subject: Illinois Filing #IL-05-11

Good afternoon Gayle,

I wanted to let you know our senior management staff is very concerned about the issues surrounding the pending filing and that we are working to solve the matter. Thanks again for your patience and I hope you have a nice relaxing weekend.

Patty Edgington, AU Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

CONFIDENTIALITY STATEMENT

From: Neuman, Gayle

Sent: Friday, January 05, 2007 10:23 AM

To: 'Edgington, Patty'

Cc: Donnewald, Pam

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We will need you to submit the final manual pages for review that address the quarterly payment installment option. The last page (IL-10) that you submitted failed to indicate (1) the installment charges or fees would be no more than 1% of the total premium or \$25.00, whichever is less; and (2) a provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments, if any. If there are no remaining installments, additional premium resulting from changes to a policy may be billed immediately as a separate transaction.

Additionally, are you indicating that the effective date for filing #IL-05-11 will be 1/1/07?

From: Edgington, Patty [mailto:pedgington@apassurance.com]

Sent: Friday, January 05, 2007 9:42 AM **To:** Neuman, Gayle; Donnewald, Pam

Subject: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Donnewald and Ms. Neuman:

I want to take this opportunity to advise you of the internal decisions made and procedures implemented at American Physicians Assurance Corporation for Illinois policyholders since the meeting of our corporate counsel and senior management staff on December 12, 2006.

I am pleased to advise that we will be offering a payment plan option to all Illinois policyholders receiving an endorsement. As you may recall from prior correspondence regarding this item and current computer system limitations, this was the only item that was preventing the approval of this filing.

We have expedited testing and implementation of a manual process to accommodate this part of the amendment to proposals on Part 929 recently passed. This is being implemented effective 1-1-07. I trust this will allow you to formally approve the above filing. Please advise if you need additional information. Thank you for your assistance in this matter.

Patty Edgington, AU

Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

CONFIDENTIALITY STATEMENT

Illinois

American Physicians Assurance Corporation

Health Care Providers Professional Liability Insurance

XIV. Quarterly Installment Option and Monthly Installment Option

American Physicians offers the following: (does not apply to Claims-Made Reporting Period Extensions ("tail coverage").

4-pay (quarterly)	25% down payment	3 equal installments (Due 4 th , 7 th , and 10 th months).
9-pay (monthly)	15% down payment	8 equal installments (Due 2 nd , 3 rd , 4 th , 5 th , 6 th , 7 th , 8 th , and 9 th months).

• A \$10 installment fee will be applied to all payment plans/per installment. No interest will be charged.

XV. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9 for the Underwriting Criteria.

XVII. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.

From:

Edgington, Patty [pedgington@apassurance.com]

Sent:

Friday, January 05, 2007 11:13 AM

To:

Neuman, Gayle

Cc:

Donnewald, Pam

Subject:

FW: Health Care Providers - Rate/Rule Filing #IL-05-11

Attachments: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman,

I received your request for additional updated manual pages this morning, however, I sent updated manual pages specifically updating page IL-10 to you already on 8-16-06 and your response back on 8-17-06 indicated acceptance and that the only item to approve this filing was acknowledgement of an implemented procedure for the endorsements done mid-term (see below and attached). That "procedure" is what has been under review and discussion for the past several months with our legal counsel and senior management staff. This filing was originally submitted on 12-15-05 with an effective date of 1-1-06 and should remain.

Patty Edgington, AU

Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Thursday, August 17, 2006 11:30 AM

To: Edgington, Patty

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We have reviewed your August 16, 2006 e-mail response. Thank you again for your always prompt attention.

We request APAC have the insured sign off on **not** wanting a premium installment payment plan for any additional premium that may be generated during the policy period. However, if an insured wants such premium installment payment plan, APAC will have to provide it and therefore manually into it into the billing system.

We request an e-mail confirmation that the above procedure will be utilized, and then we will be officially "filing" this submission. Thank you for your cooperation.

Gayle Neuman

Property & Casualty Compliance, Division of Insurance Illinois Department of Financial & Professional Regulation (217) 524-6497

CONFIDENTIALITY STATEMENT

Illinois

American Physicians Assurance Corporation

Health Care Providers Professional Liability Insurance

XIV. Quarterly Installment Option and Monthly Installment Option

American Physicians offers the following: (does not apply to Claims-Made Reporting Period Extensions ("tail coverage").

4-pay (quarterly)	25% down payment	3 equal installments (Due 4 th , 7 th , and 10 th months).
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• A \$10 installment fee will be applied to all payment plans/per installment. No interest will be charged.

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See countywide manual Section V. DEDUCTIBLES, for details.

XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9 for the Underwriting Criteria.

XVII. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.

From: Neuman, Gayle

Sent: Tuesday, January 09, 2007 10:42 AM

To: 'Edgington, Patty'

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We agree with the procedure presented in the third paragraph of your 1/8/07 e-mail.

From: Edgington, Patty [mailto:pedgington@apassurance.com]

Sent: Monday, January 08, 2007 2:16 PM

To: Neuman, Gayle **Cc:** Donnewald, Pam

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman,

I apologize for the misunderstanding and for the delay. I will work on getting the amended pages to you asap. I would like to ask for clarification of one issue to make sure we will be manually billing the correct amounts. My concern is related to the following "A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments".

According to Ms. Donnewald's interested parties letter dated 10-13-06, there is equal concern to get adequate earned premium by the insurer yet give the policyholder adequate time to spread the payment so I want to be certain of the funds we can collect at the time of the mid-term change.

For example, if an additional premium mid-term change results in a \$50,000 additional pro-rated premium and there is only <u>one</u> installment left on the policy, can we bill \$25,000 now (50%) and \$25,000 (remaining 50%) at the final installment? Thank you for your assistance.

Patty Edgington, AU

Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Monday, January 08, 2007 2:36 PM

To: Edgington, Patty **Cc:** Donnewald, Pam

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

I sent an e-mail on 8/15/06 advising of requirements of the quarterly premium payment installment plan. In your response dated 8/16/06, you discussed the topic of APAC's problem with the billing of additional premium. I responded ONLY on that issue at the time...and that issue has been pending for five months now. In responding to your issues with the billing of additional premium in your 1/5/07, I realized that one other change was also required, and it was listed in my 1/5/07 e-mail. This issue is only required on the quarterly payment plan, as that is the only plan required by statute. The fact that you offer a second plan is a benefit to the insureds, but it is not required to satisfy the installment plan statute or regulation.

From: Edgington, Patty [mailto:pedgington@apassurance.com]

Sent: Friday, January 05, 2007 11:13 AM

To: Neuman, Gayle **Cc:** Donnewald, Pam

Subject: FW: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman,

I received your request for additional updated manual pages this morning, however, I sent updated manual pages specifically updating page IL-10 to you already on 8-16-06 and your response back on 8-17-06 indicated acceptance and that the only item to approve this filing was acknowledgement of an implemented procedure for the endorsements done mid-term (see below and attached). That "procedure" is what has been under review and discussion for the past several months with our legal counsel and senior management staff. This filing was originally submitted on 12-15-05 with an effective date of 1-1-06 and should remain.

Patty Edgington, AU

Compliance Manager American Physicians Assurance Corporation

1-800-748-0465, Ext. 6849 Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Thursday, August 17, 2006 11:30 AM

To: Edgington, Patty

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We have reviewed your August 16, 2006 e-mail response. Thank you again for your always prompt attention.

We request APAC have the insured sign off on **not** wanting a premium installment payment plan for any additional premium that may be generated during the policy period. However, if an insured wants such premium installment payment plan, APAC will have to provide it and therefore manually into it into the billing system.

We request an e-mail confirmation that the above procedure will be utilized, and then we will be officially "filing" this submission. Thank you for your cooperation.

Gayle Neuman

Property & Casualty Compliance, Division of Insurance Illinois Department of Financial & Professional Regulation (217) 524-6497

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From:

Neuman, Gayle

Sent:

Tuesday, January 09, 2007 1:28 PM

To:

'Edgington, Patty'

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

Insurers may provide for quarterly installment premium payment plans that differ from the minimum standards, as long as such plans have terms that are at least as or more favorable than such standards. Installment charges or fees of no more than 1% of the total premium or \$25.00, whichever is less, is part of the minimum standards. The quarterly installment premium payment plan must be offered to all insureds whose annual premiums are more than \$500. Therefore, we do not see how the \$10 installment fee is at least or more favorable than the requirements of the regulation. I am therefore unable to complete this filing at this time.

From: Edgington, Patty [mailto:pedgington@apassurance.com]

Sent: Tuesday, January 09, 2007 11:08 AM

To: Neuman, Gayle

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman,

Thank you for the clarification. I have attached updated manual pages reflecting the changes to page IL-10. Please advise if you need additional information.

Patty Edgington, AU

Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From:

Edgington, Patty [pedgington@apassurance.com]

Sent:

Tuesday, January 09, 2007 11:08 AM

To:

Neuman, Gayle

Subject:

RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Attachments: IL State Exception UW Manual - Updated per DOI 1-8-07.doc

Ms. Neuman,

Thank you for the clarification. I have attached updated manual pages reflecting the changes to page IL-10. Please advise if you need additional information.

Patty Edgington, AU

Compliance Manager

American Physicians Assurance Corporation

1-800-748-0465, Ext. 6849 Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Tuesday, January 09, 2007 11:42 AM

To: Edgington, Patty

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We agree with the procedure presented in the third paragraph of your 1/8/07 e-mail.

From: Edgington, Patty [mailto:pedgington@apassurance.com]

Sent: Monday, January 08, 2007 2:16 PM

To: Neuman, Gayle **Cc:** Donnewald, Pam

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman,

I apologize for the misunderstanding and for the delay. I will work on getting the amended pages to you asap. I would like to ask for clarification of one issue to make sure we will be manually billing the correct amounts. My concern is related to the following "A provision stating that additional premium resulting from changes to the policy shall be spread equally over the remaining installments".

According to Ms. Donnewald's interested parties letter dated 10-13-06, there is equal concern to get adequate earned premium by the insurer yet give the policyholder adequate time to spread the payment so I want to be certain of the funds we can collect at the time of the mid-term change.

For example, if an additional premium mid-term change results in a \$50,000 additional pro-rated premium and there is only <u>one</u> installment left on the policy, can we bill \$25,000 now (50%) and \$25,000 (remaining 50%) at the final installment? Thank you for your assistance.

Patty Edgington, AU

Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232 email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Monday, January 08, 2007 2:36 PM

To: Edgington, Patty **Cc:** Donnewald, Pam

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

I sent an e-mail on 8/15/06 advising of requirements of the quarterly premium payment installment plan. In your response dated 8/16/06, you discussed the topic of APAC's problem with the billing of additional premium. I responded ONLY on that issue at the time...and that issue has been pending for five months now. In responding to your issues with the billing of additional premium in your 1/5/07, I realized that one other change was also required, and it was listed in my 1/5/07 e-mail. This issue is only required on the quarterly payment plan, as that is the only plan required by statute. The fact that you offer a second plan is a benefit to the insureds, but it is not required to satisfy the installment plan statute or regulation.

From: Edgington, Patty [mailto:pedgington@apassurance.com]

Sent: Friday, January 05, 2007 11:13 AM

To: Neuman, Gayle **Cc:** Donnewald, Pam

Subject: FW: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Neuman,

I received your request for additional updated manual pages this morning, however, I sent updated manual pages specifically updating page IL-10 to you already on 8-16-06 and your response back on 8-17-06 indicated acceptance and that the only item to approve this filing was acknowledgement of an implemented procedure for the endorsements done mid-term (see below and attached). That "procedure" is what has been under review and discussion for the past several months with our legal counsel and senior management staff. This filing was originally submitted on 12-15-05 with an effective date of 1-1-06 and should remain.

Patty Edgington, AU

Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Thursday, August 17, 2006 11:30 AM

To: Edgington, Patty

Subject: RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

We have reviewed your August 16, 2006 e-mail response. Thank you again for your always prompt attention.

We request APAC have the insured sign off on **not** wanting a premium installment payment plan for any additional premium that may be generated during the policy period. However, if an insured wants such premium installment payment plan, APAC will have to provide it and therefore manually into it into the billing system.

We request an e-mail confirmation that the above procedure will be utilized, and then we will be officially "filing" this submission. Thank you for your cooperation.

Gayle Neuman

Property & Casualty Compliance, Division of Insurance

(217) 524-6497
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Illinois

American Physicians Assurance Corporation

Health Care Providers Professional Liability Insurance

XIV. Installment Options

American Physicians offers the following: (does not apply to Claims-Made Reporting Period Extensions ("tail coverage").

4-pay (quarterly)	25% down payment	3 equal installments (Due 4 th , 7 th , and 10 th months).
9-pay (monthly)	15% down payment	8 equal installments (Due 2 nd , 3 rd , 4 th , 5 th , 6 th , 7 th , 8 th , and 9 th months).

^{*} A \$10 service charge will be applied to all payment plans/per installment.

XV. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9 for the Underwriting Criteria.

XVII. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.

From:

Edgington, Patty [pedgington@apassurance.com]

Sent:

Wednesday, January 10, 2007 12:08 PM

To:

Neuman, Gayle

Subject:

RE: Health Care Providers - Rate/Rule Filing #IL-05-11

Attachments: IL State Exception UW Manual - Updated per DOI 1-9-07.doc

Ms. Neuman,

Thank you for your response. I have updated our exception pages to clarify the installment fee issues and midterm changes to a policy. Please advise if you need additional information. Thanks again for your assistance in working with me to get this resolved.

Patty Edgington, AU

Compliance Manager American Physicians Assurance Corporation 1-800-748-0465, Ext. 6849

Direct: 517-324-6849 Fax: 517-333-8232

email: pedgington@apassurance.com

From: Neuman, Gayle [mailto:Gayle.Neuman@illinois.gov]

Sent: Wednesday, January 10, 2007 10:01 AM

To: Edgington, Patty

Subject: Health Care Providers - Rate/Rule Filing #IL-05-11

Ms. Edgington,

Pursuant to our conversation on 1/9/07, we would be agreeable if APAC chooses to waive the installment fee for insureds whose premium is less than \$1,000.00. As I mentioned in our conversation, the wording could have been changed to indicate the installment fee would be 1% or \$10.00, whichever is less. Additionally, you mentioned the installment fee was not assessed on the down-payment installment – you additionally indicated you would confirm this. If this is the case, we would like for your manual to indicate that.

Your prompt attention is appreciated.

Gayle Neuman Property & Casualty Compliance, Division of Insurance Illinois Department of Financial & Professional Regulation (217) 524-6497

CONFIDENTIALITY STATEMENT

Illinois

American Physicians Assurance Corporation

Health Care Providers Professional Liability Insurance

XIV. Quarterly Installment Option and Monthly Installment Option

American Physicians offers the following: (does not apply to Claims-Made Reporting Period Extensions ("tail coverage").

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9-pay (monthly)	15% down payment	8 equal installments (Due 2 nd , 3 rd , 4 th , 5 th , 6 th , 7 th , 8 th , and 9 th months).

• A \$10 installment fee will be applied to all payment plans/per installment. No interest will be charged. Additional premium resulting from changes to the policy will be spread equally over the remaining installments, if any.

XV. Deductibles Offered

See countywide manual Section V. DEDUCTIBLES, for details.

XVI. Risk Management Activities Discounts

See Section XIII. Merit Rating, Rule B., Schedule Rating Plan, sub item 4 – Risk Characteristics on page IL-9 for the Underwriting Criteria.

XVII. Consent to Rate

Under Countrywide Rules, Rule XI. Consent to Rate is deleted in its entirety.

Health Care Providers Professional Liability Insurance

DIVISION OF INSURANCE STATE OF ILLINOIS/IDEPR

JAN 0 1 2006

SPRINGFIELD, ILLINOIS

I. GENERAL INSTRUCTIONS

- A. This manual contains the rules, rating classifications and rates governing the underwriting of healthcare provider professional liability insurance by American Physicians Assurance Corporation (the Company).
- B. The rules, classifications and rates in this manual are effective as of the date indicated on each page. When a change is made, a reprinted page containing the change and its effective date is distributed. The change is specifically designated by an asterisk (*) on the outer margin of the affected page(s).
- C. Specific exceptions to these rules are indicated in the appropriate state rate and rules exception pages.

II. GENERAL RULES

A. Rates:

Premiums are calculated by using mature claims-made base rates exhibited in the state rate and rules exception pages for limits of \$1,000,000/\$3,000,000 and by applying applicable claims-made maturity factors or other coverage option factors.

- 1. Classification and territory are based on healthcare practice as insured by the Company. Portions of an insured healthcare practice that are uninsured, or are insured by another carrier, may be excluded from coverage and are not considered in determining the appropriate rating classification.
- 2. Additional charges provided under any rate schedule in this manual measure the liability of an insured for the exposures covered by those additional charges. Additional charges must be obtained where those exposures exist and are insured.

B. Minimum Premium:

\$500 is the minimum annual policy premium. This also applies to any short-term policy.

The calculation of premium for short term policies, i.e., policies written for a period of less than one year, shall be computed on a pro-rata basis.

C. Claims Made Extended Reporting Endorsement:

1. Claims-made reporting period extension(s) ("tail coverage") are offered to any insured whose coverage is terminated for any reason. (Unless coverage is automatically provided within the terms of the policy).

Page 1 of 11 Effective: November 1, 2004

Health Care Providers Professional Liability Insurance

JAN 0 1 2006

DIVISION OF INSURANCE STATE OF ILLINOIS/IDEPR

SPRINGFIELD. ILLINOIS

D. Part-Time Eligibility:

- 1. A physician may be granted a part-time discount if they work 20 hours or less per week. Practice hours consist of: hospital rounds, on-call hours involving patient contact, consultation with other physicians, patient visits and charting hours. The physician must also meet at least one of the eligibility requirements listed below. Discount is subject to underwriting approval.
- 2. Certain specialties are not eligible regardless of number of hours, including but not limited to; surgeons, medical directors of nursing homes, first year and second year physicians etc. A physician who chooses to "work less" than full time is not eligible.
- 3. When picking up prior acts coverage for a physician who was previously on a full-time basis, physician does not qualify for part-time for two years.

4. Eligibility requirements:

- a) Semi-retired if 55 years or older.
- b) Reduced practice due to disability (must have written explanation from treating physician)
- c) Reduced practice due to pregnancy or dependent care.
- d) Majority of practice is insured through another entity, employer or carrier.
- e) Majority of time is spent in a teaching capacity.
- f) Majority of employment insured through a hospital.
- g) Majority of employment in another state which is insured elsewhere.

E. Prior Acts/Retroactive Coverage:

- 1. The retroactive date of a claims-made policy is the initial effective date of continuous coverage by the Company, except when the Company and the insured agree that the retroactive date should precede the initial effective date (prior acts, or, "nose" coverage). Subject to underwriting approval.
- 2. The rates for prior acts/retroactive coverage are adjusted to reflect any significant differences in exposure during the period for which prior acts coverage is written.

III. CLASSIFICATION PROCEDURE

A. For Classification assignment:

1. The term "no surgery" applies to general practitioners and specialists who do not perform obstetrical procedures or surgery and who do not assist in surgical procedures. Incision of boils and superficial abscesses, removal of superficial growths, or suturing of skin and superficial fascia are not considered surgical procedures.

Health Care Providers Professional Liability Insurance

DIVISION OF INSURANCE STATE OF ILLINOIS/IDEPR

JAN 0 1 2006

SPRINGFIELD. ILLINOIS

- 2. The term "minor surgery" applies to general practitioners and specialists who perform endoscopies (other than colonoscopy, proctoscopy, or sigmoidoscopy), vasectomies, hemorrhoidectomies, diagnostic D & C's, vacuum curettage abortions during the first trimester of pregnancy, other similar invasive procedures, or assist in major surgery on their own patients.
- 3. The term "major surgery" applies to general practitioners and specialists who perform any surgery other than "minor surgery", and to those who assist in major surgery on other than their own patients.
- B. If two or more rating classifications apply, the rate for the highest rated classification is used.

IV. KEY RATING STEPS

For each individual physician, surgeon, or ancillary personnel purchasing separate limits, premium is determined by performing the following calculations.

- A. Obtain mature claims-made base rate from the state exception page using the assigned specialty and territory.
- B. Multiply the result in Step A by the appropriate special rating rule factor for part-time practice, first or second year practice, or moonlighting resident (see Rule VI).
- C. Determine the appropriate decreased/increased limit factor (ILF) based on the policy limits desired and multiply the result of step B by it.
- D. If a deductible applies, determine the deductible credit amount by multiplying the result of step B by the deductible factor from Rule V-C. Subtract this deductible credit amount from the result of step C.
- E. Apply the appropriate factor for the reporting period coverage being offered:
 - 1. Occurrence: Apply the appropriate factor from the state exception page.
 - 2. TailGard[®]: Apply the appropriate factor from the state exception page.

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- 3. Claims-made: Apply the appropriate step factor from the state exception page based on the physician's claims-made retroactive date and state specific rules.
- F. Determine the applicable merit rating adjustments from Rule X and state exception pages. Multiply the sum of the adjustments times the Standard Premium to determine the Merit Rating Credit.

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G. Subtract the Merit rating Credit from the Standard Premium and round to the nearest whole dollar. If this amount is less than minimum premium in Rule II-B, then the minimum premium applies.

If separate limits are desired for the corporate entity, calculate the additional corporation premium as follows:

- H. Sum the individual Standard Premiums for all physicians and ancillary personnel calculated above.
- I. Multiply this sum by the appropriate group coverage factor in the state exception pages and round to the nearest whole dollar.
- J. The premium for Healthcare Facilities is based on a rate per 100 annual patient visits or per \$1,000 annual receipts basis.

V. DEDUCTIBLES

A. Definition: A deductible makes the Insured responsible for ultimately paying a portion of any sums paid by the Company under the policy. The deductible may apply to either indemnity (payments of settlements and judgments), expense (lawyer's fees, deposition costs, etc) or both. The Company will adjust the loss as usual and then request reimbursement from the Insured for his share of the loss or expense. The deductible carries a per claim limit and an annual aggregate. The Insured pays up to the per claim limit on any one claim and continues to do so on succeeding claims until the annual aggregate is exhausted.

B. Eligibility Requirements

- 1. Deductibles may be written on claims-made policies only
- 2. The deductible aggregate is three times the per claim limit. The aggregate may be increased at the discretion of the underwriter based on loss history, or if the size of the group and expected losses warrant a higher aggregate.
- 3. An "evergreen" Letter of Credit (LOC) for the aggregate amount is always required as a prerequisite to including a deductible on any policy. A LOC is a contract between the Insured and a financial institution. It guarantees that the institution will loan the Insured up to a specified amount of money at any time while the letter is in effect. The existence of the letter assures the Company that they will be reimbursed for any sums they pay under the deductible. "Evergreen" means that the LOC contains a provision automatically renewing it on the expiration date, unless proper notice is given. The underwriter should make certain that he or she is included by first copy on the chain of correspondence between the financial institution and the Insured, so that the Company may immediately react to any attempted alteration in the LOC's

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terms. The Company reserves the right to "draw down" the LOC and hold the funds in escrow for payment of claims if the Insured fails to renew the LOC.

- 4. At renewal, the Insured must present an LOC to the Company in an amount equal to the deductible aggregate plus the indemnity reserves (and expense reserves if a loss and expense deductible is selected) for any claims opened in the prior policy year(s).
- 5. The deductible does not apply to any Extended Reporting Endorsement ("tail") which may be attached to the policy.
- 6. The amount of the deductible should be appropriate to the policy's written premium and the relative financial stability of the Insured. As a general guideline, the deductible should not exceed 20% of the policy's written premium.
- C. Deductible factors are applied to the \$1,000,000/\$3,000,000 base rate, Section IV, Rating Steps, Item D to derive the deductible credit amount. Deductibles are not available in KY.

Deductible Amount	Indemnity Only	Indemnity and Defense
Per Incident	Factor	Factor
\$5,000	.01	.03
\$10,000	.03	.05
\$15,000	.04	.08
\$25,000	.07	.12
\$30,000	.08	.13
\$50,000	.12	.19
\$75,000	.16	.25
\$100,000	.19	.30
\$200,000	.27	.43

D. PL CM 50, Deductible – Indemnity Only is to be use with Indemnity Only Factors and PL CM 52, Deductible – Indemnity and Defense Single Limit is to be use with Indemnity & Defense Factors.

VI. SPECIAL RATING RULES

A. Part Time: The part time rate applies to physicians (see eligibility requirements under General Rules) with the Company-insured exposure averaging 20 hours or less per week. If evidence of insurance is provided for any professional liability exposure insured by any other carrier, that other exposure would be excluded from the Company policy. Other credits may be reduced due to lower premiums with this rating. See state exception manual pages for the applicable part time rate.

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- B. First Year Physician: 50% of the otherwise applicable rate applies to physicians and surgeons beginning practice within twelve months after having completed post-graduate internship and/or residency. This discount also applies to the following:
 - 1. Military: To an insured if separated from active military service, without having had any previous practice of any kind.
 - 2. Foreign Country: To a first year physician that practices in the United States if they only previously practiced in a foreign county.
- C. Second Year Physician: 70% of the otherwise applicable rate applies to a second year physician.
- D. Moonlighting Resident: 25% of the otherwise applicable rate applies to residents employed part-time outside their residency. The applicable rate is based on their employment practice, not their residency training. Coverage for the residency training itself is excluded.
 - 1. Requirements
 - a. The moonlighting resident must have written approval of his or her residency program for outside "moonlighting" employment in order for the Company to offer coverage.
 - b. If a moonlighting resident is joining a group, we do require that we write the group.
- E. Suspension of Coverage: Upon an insured's temporary leave from active practice for reasons of health, education, military service, maternity or other appropriate reason as judged by the Company, for a period of at least three months and not more than 36 months, claims-made coverage may be "suspended".
 - 1. 20% of the otherwise applicable premium will be charged, subject to minimum premium.
- F. Multiple Territory Exposure: If a doctor has exposure in 2 or more different rating territories, the rate for the highest rated territory is used.
- G. Claims-Made Extended Reporting Endorsement: Two options are available as described below:
 - 1. A single extension for an unlimited reporting period may be purchased. One set of limits of liability is provided for the entire unlimited reporting period. The rates for this extension are computed by applying the applicable reporting period extension factor exhibited in the state rate pages to the current claims-made rate in effect at the time the tail is issued. Merit rating does not apply to this calculation.

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2. Alternatively, three extensions may be issued. One as of the policy termination date and the subsequent two anniversaries of the termination date. Separate limits apply for each of the three extensions. The final extension is an unlimited extension. Premiums for each extension are 35% of the rate applicable to the single unlimited extension. The Reporting Period Extension Factors are applied to current claims-made rates in effect on each subsequent anniversary date. Merit rating does not apply to this calculation. Exception: IL – see state exception pages for the appropriate Claims-Made Extended Reporting Endorsement Rule.

VII. OPTIONAL COVERAGES

A. Locum Tenens Physician

- 1. A substitute physician is included in the insured's policy at no charge until a cumulative period of substitution in one policy period is greater than 30 days.
- 2. The Company may, at its discretion, allow an additional substitution period or periods to be written beyond this 30-day limit for an additional premium equal to the pro-rata portion of the insured's premium for the period of substitution, subject to a \$500 minimum premium.

B. Prior Acts/Retroactive Coverage:

1. Coverage is rated according to the application of claims-made maturity factors exhibited in the state rate pages to current mature base rate. The claims-made maturity factor used is that which best reflects the maturity of coverage. If the retroactive date falls on a date other than an anniversary date (1st year, 2nd year, etc.) for which factors are exhibited in the state rate pages, the claims-made factor will be derived on a pro rate basis from the two closest claims-made maturity factors.

C. Occurrence Coverage:

The Company offers occurrence coverage in a limited number of states (IN, MI and NM). Please see the state exception pages for rates and rules regarding occurrence coverage.

D. TailGard® Coverage:

- 1. The Company, offers claims-made coverage with promise to provide a reporting period extension ("tail") for no charge at the end of the continuous sequence of coverage on this basis in MI only.
- 2. The cost of claims-made coverage including this pre-paid "tail" is the same as the mature claims-made rate, regardless of the otherwise applicable claims-made maturity factor.
- 3. The first policy of a sequence of policies on this basis must begin on a retroactive date, which is the inception date.

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VIII. CORPORATE ENTITY COVERAGE

A. Organization Coverage – Shared Limits (Non-Stacking)

A professional association, corporation or other similar professional legal entity may be included as an additional insured with no additional limits of insurance for no additional charge.

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B. Organization Coverage – Separate Limits (Stacking)

- 1. A professional association, corporation, partnership or other legal entity that employs more than one physician may purchase a separate limit of liability. See state exception manual pages for IN and WI.
- 2. This policy is written at limits of liability no greater than the lowest limit written on behalf of any of the owners or members of the organization.
- 3. The organization coverage charge is a percentage of the applicable rate of the premiums applicable to the professional partners, stockholders, and employees of the organization entity will be charged to arrive at the premium for the separate organization limit charge. See state exception manual pages for the applicable percentage rate.
- 4. Employees of the organization required by state law or regulation to maintain professional license certifications or registrations with respect to the scope of duties performed may be subject to vicarious or shared limits charge as defined in the additional charges section of the manual.

C. Affiliated Physician

If an employee has insurance for at least the limits of insurance of the named insured from a carrier other than the Company, 15% of the rate otherwise applicable to the employee's specialty can be charged. Subject to underwriting approval.

IX. ADDITIONAL CHARGES:

The following charges for ancillary employees will be applied to an individual physician or surgeon policy. If a corporate entity separate limit policy is written, the charges will be applied to the applicable corporate entity policy. Coverage form and limits of liability must be the same as the individual physician or surgeon policy or the corporate entity separate limit policy.

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A. Vicarious Exposure Charges

- 1. Premium charges are made based on the additional exposure to the employers created by employment. No coverage is provided on behalf of the employee(s) as an additional insured.
- 2. These charges are according to rates exhibited in Item D., which are added to the insured's premium.
- 3. These charges may be waived if direct insurance on behalf of the employee(s) is purchased through the Company.

B. Additional Insured – Shared Limits

- 1. Certain categories of employees may be added as additional insureds with no increase in limits of insurance, according to rates exhibited below in Item D.
- 2. The premiums developed from these factors are to be added to insured's premium before application of named insured maturity factors.

C. Additional Insureds – Separate Limits

- 1. Certain categories of employees may be added as additional insureds with separate additional limits of insurance applicable, according to rates included in the following schedule shown in Item D. A completed healthcare provider application will be required when separate limits are requested.
- 2. Separate limits are available only for the listed healthcare professionals shown in Item D. The retroactive date applicable to that employee must be provided and the employee's maturity factor will be applied when separate limits are written.

D. Premium Charges for Vicarious, Shared, and Separate Limits

Specialty	Healthcare	Vicarious	Shared Limit Charge	Separate Limit
Code	Professional	Exposure Charge		Charge
411	Chiropractor	25% of class 420	35% of class 420	70% of class 420
452	Nurse Anesthetist	5% of class 151	7.5% of class 151	15% of class 151
962	Nurse Midwife	10% of class 153	25% of class 153	50% of class 153
963	Nurse Practitioner	5% of class 420	7.5% of class 420	15% of class 420
942	Perfusionist	5% of class 420	7.5% of class 420	15% of class 420
807	Physician Assistant	5% of class 420	7.5% of class 420	15% of class 420
943	Podiatrist/ incl. surg.	25% of class 143	40% of class 143	50% of class 143
944	Podiatrist – no surg.	20% of class 420	35% of class 420	70% of class 420
946	Psychologist	No Charge	5% of class 249	10% of class 249
808	Surgeon Assistant	5% of class 420	7.5% of class 420	15% of class 420

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X. MERIT-RATING

In order to be eligible for any merit-rating plan, the incurred loss ratio over the last 10 years shall not exceed a specified percentage. Please refer to rates, state rule exception pages for details.

A. Claim-free Credit

- 1. The Company will allow a credit to those applicants and insureds who have maintained a practice without substantial change for at least the immediately prior three years and who have incurred no claims for the immediately prior three or more years. This credit is in addition to any scheduled credit or debit.
- 2. The time frame for any claim is based on the date the claim is reported.
- 3. This credit does not apply to part-time physicians.
- 4. Credit schedule See state exception manual pages for the applicable credit schedule):

B. Schedule Rating Plan

Based upon the Underwriters overall evaluation, an exposure may justify a modification (credit/debit) to the otherwise applicable premium based on one or more of the following individual risk characteristics. Please note: these are guidelines and are not intended to be a comprehensive list of every consideration.

Please refer to rates, state rule exception pages for details regarding maximum credits/debits.

Schedule of Individual Risk Characteristics:

1.	Professional Skills, Years of experience in the practice of medicine
2.	Board Certification
3.	Longevity with American Physicians
4.	Established policies and procedures
5.	Cooperation with claims management
6.	Risk Management Practices (including but not limited to the following:)
	a) Communication Skills Assessment (CSA)
	1) Recommended 2) Underwriter Discretion 3) Not Recommended
	b) On-Site Risk Management Assessment
	1) Excellent 2) Above Average 3) Average 4) Below Average
7.	Number and type of patient exposures/practice hours
8.	Continuing Medical Education/Adequate training
9.	Training, accreditation, credentialing, privileges, professional society
	membership, and hospital affiliations

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XI. CONSENT TO RATE

- A. A physician or surgeon may be an acceptable professional liability insurance risk only at rates higher than otherwise available through this manual.
- B. In the event that a higher rate is warranted based on the claims history or other circumstances, an individual rate filing signed by the insured or the applicant is filed as required by, and to the satisfaction of the appropriate state insurance department or bureau.

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